

Chapter 12

Particularities of Social and Environmental Accounting Research in an Emerging Country

ABSTRACT

The purpose of this chapter is to debate on a number of research questions drawn from previous fundamental research conducted on social and environmental accounting in emerging countries. Based on literature review, on practical studies of specialized organizations or associations, and on authors' previous studies, another step is made in this research, by developing a pilot questionnaire intended to capture the willingness of companies from an emerging country, to show interest in social responsibility disclosure. This helps to launch certain debates with regard to the principles, concepts and forms of social and environmental reporting. The pilot questionnaire was sent to a group of interested companies in Romania (the emerging country chosen for this study) and the reference points for discussions on a Framework for presenting and managing social and environmental information through corporate reports are developed based on their responses.

INTRODUCTION

This chapter aims the participation to the professional judgment construction, according to free manifestation of entity's accounting and reporting policies regarding the corporate social responsibility. Traditional financial accounting does not respond anymore to the information required by the process of identifying and reporting entity's information in the context of sustainable development. The concern of integrating social and environmental factors into traditional financial reporting is gaining acceptance nowadays. Various environmental and social related issues nowadays are raised in emerging countries from Eastern Europe, South America, or Asia in the context of significant economic growth in recent times. Belal, Cooper and Robers (2010) argue that the economic growth of such countries would have social and en-

DOI: 10.4018/978-1-4666-8720-2.ch012

Particularities of Social and Environmental Accounting Research in an Emerging Country

vironmental effects through corporate social responsibility and reporting. Therefore, companies should be aware of their responsibilities for social and environmental consequences of their economic actions. Public and private reactions to climate change and poverty phenomena are sometimes contentions within these countries and transparent social and environmental disclosure may be the way of softening tensions and uphold companies accountable for the effects of their actions. However, research on emerging countries' vision as referred to social and environmental policy and practice of business organization is limited, especially in former eastern European countries (Belal et al., 2010). This support our decision of choosing an emerging eastern European country, Romania, for the study developed with this chapter.

Encouraging the increase in social and environmental reporting [SER] practices in emerging economies is to be reflected on increasing the legitimacy in response to concerns about local companies that do not contribute to social development or to criticism of unethical business practices. This idea was argued and supported by the findings of Mahadeoa, Oogarah-Hanumana and Soobaroyen (2011) in a study on an emerging country, Mauritius. The authors found that changes in SER patterns may impact the civil society organizations which can, to some extent, access more detailed information from the annual company reports. This is possible because corporate policies related to ethical and social disclosures have been transformed into a reactive strategy to portray organizations towards societal-involved businesses.

Nevertheless, companies activating within an emerging and developing country have to face also the pressures, barriers, and supplementary costs for their subsidiaries willing to engage in corporate social disclosure process. The results of in-depths interviews conducted by Beddewela and Herzig (2013) in Sri Lanka subsidiaries of multinational companies show that the subsidiaries are tremendously driven by their need to attain internal legitimacy through conforming to formal requirements of reporting social and environmental impact of their actions. These, sometimes are barriers against publishing separate social and environmental reports.

According to Belal and Momin (2009), most CSR studies in emerging economies have concentrated on the Asia-Pacific and African regions and are descriptive in nature. The most used research method was content analysis, with measuring the extent and volume of social and environmental disclosures in the annual reports. Although much less numerous, a handful of studies addressed managerial motivations behind CSR directly through in-depth interviews. The findings show that social and environmental reporting in emerging economies is largely driven by external forces, as pressures within multinational companies, international market and international agencies. Within the same context, Belal and Cooper (2011) found out of an interview based study performed on corporate managers in Bangladesh, that some the main reasons for the lack of social and environmental disclosure are the lack of resources, lack of legal requirements, lack of knowledge/awareness, and fear of bad publicity.

Given these findings, serious concerns may be raised, as to why emerging countries' corporations would ever be expected to voluntarily report on social and environmental issues, while such reporting may enhance their poor performance is poor, generating negative publicity, and profit impaired. The contribution of this chapter is that it adds to the relatively narrow empirical research body of social and environmental reporting studies which adopts an emerging country's perspective (Beddewela & Herzig, 2013; Belal & Cooper, 2011; Belal & Roberts, 2010; Islam & Deegan, 2008; Kuasirikun, 2005; Lodhia, 2003). Romanian perspective on social and environmental reporting was less considered within the literature. Therefore, this study will contribute to enriching the literature on social and environmental reporting in emerging countries, filling an existing gap.

22 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/particularities-of-social-and-environmental-accounting-research-in-an-emerging-country/134110

Related Content

Building an Eco-Innovation Cluster: Water Cluster in the Brazilian Amazon Region

Raul De Gouvea and Sul Kassicieh (2010). *International Journal of Social Ecology and Sustainable Development* (pp. 27-39).

www.irma-international.org/article/building-eco-innovation-cluster/45935

Understanding Professional Development for Educators

Neeta Baporikar (2015). *International Journal of Sustainable Economies Management* (pp. 18-30).

www.irma-international.org/article/understanding-professional-development-for-educators/147618

The Influences of Savings and Investments on Sustainable Development and the Role of Information Technology

Leonardo Baggiani (2010). *Sustainable Economic Development and the Influence of Information Technologies: Dynamics of Knowledge Society Transformation* (pp. 66-86).

www.irma-international.org/chapter/influences-savings-investments-sustainable-development/41133

CSR in Cultural Organizations: A Valorization Model

Lucia Aiello and María del Pilar Muñoz Dueñas (2019). *Green Business: Concepts, Methodologies, Tools, and Applications* (pp. 310-327).

www.irma-international.org/chapter/csr-in-cultural-organizations/221054

A Framework for Green Computing

Graeme Philipson (2011). *International Journal of Green Computing* (pp. 12-26).

www.irma-international.org/article/framework-green-computing/55221