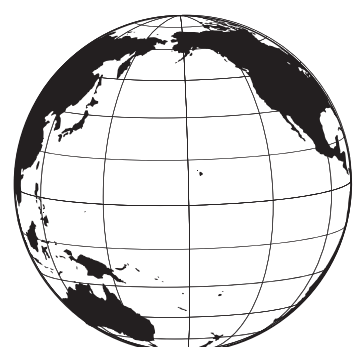


AN INTERNATIONAL CALL FOR RESEARCH

Social accounting in times of economic downturn



ACCA wishes to commission research with policy and/or practical relevance that addresses the overarching question of how social accounting can develop in the future to meet users' and practitioners' needs, while still being conceptually rigorous, in times of economic downturn. Accordingly, ACCA's Research Committee invites applications for funding from researchers internationally for projects that focus on the issues outlined in this Call.

BACKGROUND

Social accounting is the process whereby organisations (of any size or sector) account for their social, environmental and economic impacts. External social accounting or reporting seeks to demonstrate how the reporting organisation integrates (or wishes to be seen to integrate) with the society and systems within which it operates. Internal social (management) accounting seeks to provide information to help an organisation's managers operate in a more socially sustainable manner. Ideally, these internal and external social accounting processes are not completely separate from the mainstream financial or management accounting processes within an organisation, and both sustainability and financial employees would be involved in collecting and presenting the data.

Many organisations claim to recognise their social and environmental responsibilities and seek to manage and account for these activities. However, critics say that sustainability accounting techniques are often used for public relations purposes, with the aim to win the approval of key stakeholders who are crucial for the continuation of profitable business. In this case, social and environmental reporting practices applied do not reflect genuine sustainability, and leave the interests and needs of less powerful stakeholders marginalised.

The issue of accounting for social, economic and environmental impacts is likely to become even more topical during the current economic conditions. The ACCA UK Awards for Sustainability Reporting's judging panel made it one of the key recommendations for 2008 that organisations start to account for their sustainability impacts from a financial as well as non-financial perspective: 'companies have, for many years, been communicating social and environmental quantitative KPIs – for example – energy use, waste production, recycling rates, staff diversity and training and development statistics. However, there are very few that attempt to quantify and account for their sustainability data in a more financial sense, thus demonstrating a link between sustainability and its contribution to the financial success of the company. This is, in itself, a challenging area to report on. Companies which are able to articulate and communicate this linkage will enhance the credibility accorded to sustainability by the investment community which will in turn validate their own sustainable business strategy'. Due to the current economic conditions, social accounting frameworks may need to develop to take into account:

- economic uncertainties
- social accounting in a low/no growth economy
- increasing interest of Governments in social accounting data
- significant state ownership of banks, after the bail out of several institutions in 2008.

The inclusion of stakeholders in any methodology for social accounting is imperative. Key stakeholder groups, including senior management, shareholders, local community, government and employees (and there may well be more) should be involved in the development of a social accounting framework and it should be written and designed in such a way that is user friendly but also outlines a rigorous approach.

There are many social impact areas that have institutional processes behind them – for example, the Millennium Development Goals, employment law, advertising standards and consumer laws. They are policies, standards and regulations that aim to enforce or encourage ‘good’ behaviour, which can be used to feed into a social impact accounting framework, but – at the same time – present businesses with a daunting and complex set of rules.

Much research and literature can be found on the topic of social accounting, including attempts to define methodologies for organisations to carry out their own social accounting. However, there are many unanswered questions and discussion points which need to be addressed – the area of social accounting is not as ‘clear cut’ as other strands of accounting and one difference is that it needs to translate into both organisational and social value.

ACCA is keen to consider what the accounting profession can do to enhance understanding of these issues and their implications and how it can contribute to develop a coherent social accounting framework adapted to current economic difficulties. Accordingly, ACCA’s Research Committee has made available a total of GBP50,000 (equivalent) to support one or more internationally-focused research projects and related dissemination activities.

ACCA’S RESEARCH INTERESTS

ACCA invites proposals for research projects that address – from a policy and/or practice perspective – one or more of the important issues outlined below. The projects are expected to start in February 2010 and be completed within twelve months.

Please note that the scope of this Call is deliberately wide. The issues outlined below represent only a selection of problems uncovered by the current economic conditions, and are merely examples of issues that could be explored. In other words, this is not intended as an exhaustive list.

Social accounting – changing perceptions of stakeholders and organisations during the economic downturn

During the most recent economic crisis governments have bailed out several large financial institutions in the US and Europe. This means that the role and influence of governments have changed significantly and are now, potentially, considered to be a more important stakeholder to these entities than they were previously in terms of decision making and actions. Research questions could potentially address:

- How have perceptions of different stakeholders and organisations changed after the economic downturn?
- What role do local governments see for themselves in the (private sector’s) accountability process – has their influence increased as a result of the economic downturn?
- How could governments influence standards of public procurement within the private sector in terms of its socially responsible buying policies and standards?
- What are the social and environmental accounting outcomes and impacts of business on a range of stakeholders?

The role of shadow accounts

The role of shadow (and/or silent) accounting has been discussed in terms of its use to stakeholders. Shadow accounting is a system whereby non-organisational representatives create accounts of the organisation’s actions and impact using information provided by the company in its existing reports and information that is publicly available but not provided by the company. Research questions could potentially address:

- What could, or do, companies learn from the process of shadow accounting?
- What different methodologies have been used and by which stakeholders?
- Can users place a sufficient level of trust in the resulting reports, when there is a variety of people putting these studies together, using a variety of different techniques?

Social accounting and CSR as a risk management technique?

It has been argued that, had markets not been so focused on economic and financial performance, and had they considered issues such as corporate social responsibility, the economic downturn might not have happened quite as dramatically. Research questions could potentially address:

- Will organisations, after the events of the economic downturn, be attempting to embed good governance, social values and wellbeing into the business strategy, to reduce the risk of it reoccurring?

Organisational learning

This topic could lead to discussions around organisational learning and any impediments to educating and developments in social accounting and the issues involved. Research questions could potentially address:

- How can stakeholder engagement and/or reporting assist organisational learning? Are there instances where they don't?
- What is the role of the accounting profession in terms of driving learning and development? Are they beneficial in educating on these areas, or do they actually decrease the visibility and understanding of key issues within organisations?

Other issues

ACCA additionally welcomes proposals that consider the development of new social accountability frameworks which are more appropriate to the level and nature of social impacts that organisations have. Research of this kind often focuses on private sector and large corporations. However, a significant proportion of GDP arises from SMEs and the public sector, therefore, a focus on these would be beneficial. Research questions could potentially address:

- How could new social accountability frameworks be developed, and what would they look like?
- What are examples of meaningful indicators that could be used (or already are used) in social accounting, and what indicators are useful for which stakeholder groups?

ESSENTIAL ELEMENTS

The successful proposals will include:

- international relevance
- a practice and/or policy-relevance
- an ability to produce recommendations for the accounting profession
- outputs directed at policy and professional stakeholder groups
- a completion date (ie all deliverables submitted) within 12 months from February 2010.

OUTPUT

Successful proposals will include the following outputs:

- an interim report (c. two pages) at around the half-way stage, plus meeting with ACCA panel members (generally conducted by telephone or video conference)
- a final report, including an executive summary that can additionally stand alone
- an article for ACCA's bi-annual journal for accounting and finance professionals
- workshop(s) for ACCA members, possibly at interim report stage, which ACCA will work with the successful applicants to host
- a presentation at an ACCA-hosted, policy-related event.

METHODS

ACCA will consider all methods although successful projects will have chosen appropriate method(s) in relation to the research objectives.

COLLABORATIVE PROJECTS

These are welcome, but must demonstrate the value added by the partnership in terms of the research aims and objectives, expertise, dissemination opportunities and impact of the project.

Research projects with a multi-disciplinary approach are particularly encouraged.

LOCATION

Proposals will be considered from applicants based anywhere in the world.

FUNDING

Under this initiative, ACCA's Research Committee has set aside a total of GBP50,000 (equivalent) to support internationally-focused research projects.

Applicants are requested to note that:

- reasonable costs to buy out teaching time will be considered
- research proposals supported as part of this Call will be funded by ACCA through CAET (Chartered Accountants Educational Trust), which is a registered charity. As such, university overheads are not funded; neither does CAET pay any percentage of Full Economic Costs
- applications must comply with all funding guidelines issued by ACCA's Research Committee, a full listing of which is available from: www.accaglobal.com/research
- at least two meetings with ACCA staff will be required: one at the outset of the project and another at interim reporting stage, which are generally held by telephone or video conference
- ACCA expects to support up to three internationally-relevant research projects from the maximum of GBP50,000 equivalent set aside for this initiative
- reasonable travel, accommodation and subsistence expenses relating to dissemination activities (see Output section of this Call for more information) will be paid for by ACCA and need not be included in research costs
- the projects are expected to start in February 2010 and be completed within twelve months.

Full information about applying for research support from ACCA can be found at www.accaglobal.com/publicinterest/activities/research/funding/

FUNDING DECISIONS

This initiative is being overseen on behalf of ACCA's Research Committee by a project panel, whose members will make shortlisting decisions as well as recommendations for funding to ACCA's Research Committee.

The final funding decisions will be made by ACCA's Research Committee, who will draw from the recommendations made by the project panel, and whose decisions are not negotiable.

Final funding decisions will be advised no later than week commencing 11 December 2009.

ACCA'S PROJECT PANEL

Panel members comprise:

- Professor Jan Bebbington, St Andrews, and ACCA Sustainability Committee chair
- Professor Jeffrey Unerman, Royal Holloway and ACCA Research Committee member
- Professor Adrian Henriques, Middlesex University Business School and ACCA Sustainability Committee member
- Rachel Jackson, head of sustainability, ACCA
- Vicky McAllister, sustainability advisor, ACCA
- Caroline Oades, head of research, ACCA
- Barbara Grunewald, senior research officer, ACCA.

TO APPLY

- The application form, along with guidance for its completion, is available for download from www.accaglobal.com/research
- Proposals must be submitted electronically, using the ACCA research application form, together with short version CVs of all researchers involved in the project.
- Please ensure that you read and comply with the guidance for completion notes before submitting an application, including the maximum word limit of 3000 words, which includes references and appendices.
- Completed proposal forms, together with CVs, should be sent by email to barbara.grunewald@accaglobal.com
- The deadline for research proposals is GMT 12midnight on 4 October 2009. Submissions received after this deadline will not be considered.

TIMETABLE AND KEY DATES

w/c 27 July 2009

Call for research issued, internationally

4 October 2009, 12 midnight GMT

Deadline for receipt of proposals, using the ACCA research application form, by email to **barbara.grunewald@accaglobal.com**

w/c 11 December 2009

Final decision advised.

February 2010

Start of project.

31 August 2010

Interim report and meeting, usually held via telephone or video conference. Possible workshops for ACCA members.

31 January 2011

Final draft report delivered to ACCA.

2011

Presentation at ACCA-hosted events.

ABOUT THE SPONSOR

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, supporting 131,500 members and 362,000 students throughout their careers, and providing services through a network of over 80 offices and centres. We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the global accountancy profession and to advance the public interest.

Augmenting ACCA's strong position in a worldwide market is ACCA's well-respected research programme, generating high-profile, high-quality, cutting-edge research with international focus, wide dissemination and strong emphasis on public policy influence and practical value. This research programme underpins ACCA's Royal Charter, which confirms ACCA's commitment 'to advance the science of accountancy, financial management and cognate subjects'. Additionally, it adds value to our members and students, contributing to ACCA's reputation and influence worldwide.