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A MODEL FOR SOCIAL AUDIT OF CORPORATE SOCIAL RESPONSIBILITY

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Abstract: *Corporate Social Responsibility (CSR) is a voluntary initiative of the organization incorporated in their management systems that aims to improve the well-being of their employees, families, society and protect the environment. CSR helps to achieve sustainable development by ensuring a balance between the social, economic and environmental goals of the organization. Different organizations choose different patterns of socially responsible behavior. Some organizations declare their social responsibility through SA 8000 certification, others choose AA 1000 certified. There are also organizations that declare their social responsibility without being certified by a specific standard, but they choose the principles of the UN Global Compact. For them, this article will be offered a model for auditing CSR. CSR's audit is one of the types of social audit that is beneficial not only for the organization, but also for society, because it provides an independent assessment of the degree of correspondence between the stated and achieved social and environmental objectives of organizations.*

Keywords: *Corporate Social Responsibility (CSR), audit, social audit, CSR principles*

INTRODUCTION

Corporate sustainability starts with the value system of the organization and its business principles. This means that organizations must work in a manner that covers at least the minimum social responsibilities in the areas of human rights, labor, environment and the fight against corruption. According to UN Global Compact data, 47.000 organizations publish a communication on their progress for sustainable development and socially responsible behavior.

The requirement for non-financial declarations to demonstrate the socially responsible behavior of organizations is introduced "in national accounting legislation with the transposition of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain undertakings and amending types Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC and Directive 2014/95/the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and information on the diversity of certain large undertakings and groups" (Veysel, 2017). Publishing for organizations' progress, as well as the requirement for large companies to make a non-financial statement is a good start to continue with confirmation from a social auditor.

PRINCIPLES OF THE UN GLOBAL COMPACT AS STANDARDS FOR CSR AUDIT

The basic idea underpinned by the principles of the UN Global Compact is within its influence that organizations set up and develop of core values related to human rights, labor standards, environment and fight against corruption. These core values are divided into four categories as follows: *The first category is Human Rights*. Here are the first two principles. *Principle 1*: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; *Principle 2*: make sure that they are not complicit in human rights abuses. *The second category is Labor standards*. They relate to *Principle 3*: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; *Principle 4*: the elimination of all forms of forced and compulsory labor; *Principle 5*: the effective abolition of child labor; *Principle 6*: eliminate discrimination in respect of employment and occupation. *The third category is the Environment*. It includes *Principle 7*: Businesses should support a precautionary approach to environmental challenges; *Principle 8*: undertake initiatives to promote greater environmental responsibility; *Principle 9*: encourage the development and diffusion of environmentally friendly technologies. *The fourth category is anti-corruption*. It refers *Principle 10*: Businesses should work against all forms of corruption, including extortion and bribery.

Declaring compliance with the principles of the UN Global Compact is not enough. As required by the UN Global Compact, organizations must provide information (in a transparent and public manner) on an annual basis to stakeholders on its progress on sustainable development.

MODEL FOR SOCIAL AUDIT OF THE CSR

In the theory, there are various proposals for CSR audit. E.g. V. Dineva (2016) offers a model for auditing CSR elements and groups of stakeholders. Interesting is the manual of self-assessment of CSR companies that offer UNDP (2010). Although its goal is self-assessment, social auditors that are external to the organization can also use it. In this model, self-assessment is made on 5 key elements: Governance, Environment, Labor Relations, Relationships with the Local Community and the Business Environment. Each element has own indicators that are subject to evaluation.

The idea of our model for social audit is to present the sources for collecting information, which expresses an independent opinion on the organization's assertion about implementation the UN Global Compact principles. For each of the 4 group of principles, the model provides 3 sources of information, viz. documents, interviews and observation. Each of the 4 groups of principles have 5 key documents to be verified, 5 key questions that have to be asked during an interview and 5 main objects that will be monitored during the audit.

Limitation: This article presents part of the model, i.e. informational sources collection without analyzing the methodology of the final evaluation. Questionnaire for the interview with external stakeholders do not take place here.

ADVANTAGES, DISADVANTAGES AND RISKS OF THE MODEL IMPLEMENTATION IN THE PRACTICE

Table 1**Sources of information for Principles 1 and 2**

UN Global Compact Principles	Sources of information			
Human Rights	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 1: Business should support and respect the protection of human rights proclaimed internationally Principle 2: Make sure, they are not complicit in human rights abuses	1. Organization's Policy for Equal Opportunities 2. Organizational rules for monitoring that ensure that its human rights policies are implemented 3. Rules for filing complaints 4. Rules to verify that business partners are not involved in acts that violate human rights 5. Labor contracts	Internal and external stakeholders	1. What do you do in your free time? 2. Would you please show me your identity card? 3. Do you know to whom you have to complain if you become a victim of violence at work? 4. When did you last see a child working in the firm? 5. When did you receive a copy of your employment contract?	1. Staff appearance 2. Work conditions 3. Life conditions 4. The reputation of business partners 5. Jobs

Table 2**Sources of information on Principles 3, 4, 5 and 6**

UN Global Compact Principles	Sources of information			
Labor	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining Principle 4: Elimination of all forms of forced and compulsory labor Principle 5: Effective abolition of child labor Principle 6: Elimination of discrimination in respect of employment and occupation	1. Collective agreement 2. Equal Rights Policy/Policy declaring that the owner does not use forced labor 3. Labor contracts 4. Certifying info on participation of the organization in work groups & committees for the elimination of child labor 5. Partners contracts for the goods/services supply	Internal and external stakeholders	1. Do you know what does it mean "a forced labor"? 2. What amount of money did you pay to start to work? 3. What amount of money did you deposit in the company? 4. Where do children work in the firm? 5. When did you receive your salary?	1. The reputation of the employer 2. The reputation for business partners 3. Age of staff 4. Psychological status of staff 5. Trade union members

Table 3**Sources of information on Principles 7, 8 and 9**

UN Global Compact Principles	Sources of information			
Environment	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 7: Business should support precautionary approach to environmental challenges Principle 8: Undertake initiative to promote more environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies	1. A code describing the commitments of the firm and environmental care of health 2. Docs for functioning of Managing Committee of environmental risks from the activity of the organization 3. Documents proving effective communication with stakeholders for potential risks 4. Documents for the raw materials used by the organization 5. Sustainability indices	Internal and external stakeholders	1. In what way the firm is controlling the risk of the environment harm? 2. What investments has the organization made to save the environment? 3. In what initiatives took part the organization to protect environment? 4. What materials does the organization use for their work? 5. Do you know to whom you have to call, if you see that organization polluted the environment?	1. Relations with external stakeholders 2. Landscaping the space around the organization 3. The product (material, from which it was made) 4. Amount of paper used 5. System for economical use of electricity and/or water

Source: The Ten Principles of the UN Global Compact (2017)

Table 4

Sources of information on Principle 10

UN Global Compact Principles	Sources of information			
Anticorruption	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	1. Anticorruption Policy 2. Training to overcome corruption 3. Ethical Code/Corporate Culture 4. The internal controls to prevent the corruption risk and fraud 5. The annual reports the organization's practice in the corruption fight	Internal and external stakeholders	1. In what trainings did you take part in connection with an anticorruption policy? 2. What should behavior be according to organization's code of ethics? 3. What are main elements of anticorruption policy of the company? 4. Do you know to whom you have to call, if you have been asked to give bribed to an institution or company to which you deliver products/services? 5. Does the company have a "hotline" for reports of corruption?	1. The reputation of the organization 2. Professional competence tools

Source: *The Ten Principles of the UN Global Compact (2017)*

Advantages: (1) The model is easy to use. (2) The model can be applied in any sphere of activity of organizations. (3) The model is open. It can be complemented and further developed. (4) Some of the suggested questions look for information in an indirect way, which reduces the risk of manipulating responses. (5) The presented model provides an opportunity for cross analysis that provides more objectivity in assessing the real situation. (6) The presented model will make it easier for people, who do not have enough experience in conducting social audits.

Disadvantages: (1) On some of the questions may give answers that the auditor wants to hear. This has the potential to distort the information received. The risk in the model is managed through the information from different sources and the possibility of asking additional questions. (2) It is possible for the audited entity to submit the documents for the purpose of the social audit only. In this way, there is a risk that the organization to be socially responsible only on paper. The risk in the model is managed by asking questions, which answers will show the presence or lack of practical application of the prescribed rules and procedures.

CONCLUSION

The interest in *CSR* is growing up as more as growing up "moral risks" in managing organizations, the "shadow economy", the growing need for a "sense of fairness of wages" (Stefanov, 2015).

The results of a survey conducted between 2014 and 2018 show that 77% of 477 respondents indicate that when applying for a job, for them it is very important whether the firm is certified according to social responsibility standards. It proves that the social responsibility of the company is crucial for the motivation of the staff (Peicheva, Miteva & Harizanova, 2017).

As Ya. Dimitrova (2012) says: "Companies that have adopted the principles of corporate social responsibility should not do so in order to obtain approval from

outside..." The principles of CSR must be found in the decision-making processes within these companies, i.e. they should become an integral part of business processes and company policies". In the future, CSR will be part of the "Human Resource Training in the Organization" (Atanasova, 2015).

The proposed model aims to facilitate a social audit of CSR. The model provides an opportunity to uncover inconsistencies between organizations' claims to be socially responsible and their actual behavior.

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