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Review Article

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Defining Corporate Social Costs: Enhancing the Theoretical Foundations of Corporate Social Responsibility Accounting

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Abstract
This study aims to develop a precise definition of the term "corporate social costs (CSCs) "- according to accountants' point of view and identify a set of criteria through which the corporate social cost (CSC) can be distinguished from the corporate economic cost (CEC). Any theoretical study that aims to improve and develop the theoretical structure of any major in the social sciences, such as economics and accounting, often relies on the approach of rational thinking and logical inference. Hence, the researcher adopted this approach in studying and analyzing the nature of the costs incurred by companies to fulfill the requirements of legal and ethical responsibilities - which reflect the codified and uncodified desires of the stakeholders concerned with these responsibilities, as well as the nature of the benefits that these costs bring to the beneficiaries. The researcher also adopted the idea of the characteristics that can be deduced from these costs and the activities attributed to them in determining the criteria for distinguishing between CSCs and CECs. This study developed a precise definition of corporate social costs (CSCs) through logical conclusions, consistent with the contemporary concept of corporate social responsibility (CSR). It defined a set of criteria to distinguish CSCs from CECs. Given the scarcity of writings in this field, this study is considered an enrichment of accounting thought in the field of CSR. This study will enhance the ability of companies to disclose their social performance accurately. On the educational level, this study will remove any misunderstanding students may have about the meaning of CSCs.

1. Introduction

Corporate social responsibility disclosure (CSRD) has gained much attention in recent years, receiving increasing attention from academics and practitioners alike (Hu et al., 2018; Cabeza-García et al., 2018; Zhang & Yang, 2021). In the modern era, and after the emergence of the idea of CSR, companies operating in competitive markets in developed countries have become interested in disclosing their social performance in their financial statements, in addition to their economic performance, to provide a statement about their achievements in the two domains (economic and social).

Companies' commitment to their social responsibilities (economic, legal, and ethical according to the classification of Schwartz and Carroll in 2003) contributes to improving the image of those companies and enhancing their reputation and competitive advantage in the environments in which they operate. In developed countries, companies no longer rely solely on selling prices and product quality to improve their image and reputation and enhance their competitive advantage in the markets in which they operate. A good reputation and competitive advantage - which ensure the survival and continuation of those companies in their competitive environments, can be gained by adhering to the requirements of CSR.

CSRD in financial statements is a method used by companies to inform others about their achievements in this field. In line with the legitimacy theory, CSRD aims to legitimize a firm's actions by providing information intended to influence stakeholders' and eventually society's perceptions about the firm (Hooghiemstra, 2000). According to Deegan (2002), the increase in social disclosures is a strategy by corporations to change the perceptions about the legitimization of an organization to gain the continuing mandate of the Community (Coffie et al., 2018).

A company's legitimacy can be obtained through various measures, including informing corporate's information to stakeholders (Deegan, 2002; Yoo et al., 2016; Solikhah, 2016). According to the Legitimacy theory, the firm will communicate information to various stakeholders to adjust people's expectations of the firm (Ashforth & Gibbs, 1990; Solikhah, 2016).

The philosophy of legitimacy provides a more comprehensive perspective related to social responsibility disclosure. It confirms that every operation carried out by the corporation must be consistent with the values and norms of the community and in accordance with the expectations of the community (Solikhah, 2016). CSRD can be quantitative or descriptive. The disclosure of obligations that do not require economic sacrifices is called descriptive disclosure, while quantitative disclosure is the disclosure of obligations that require economic sacrifices. Understanding the precise meaning of CSCs is important and necessary for financial statement preparers to make quantitative disclosures about CSR.

In Libya, and possibly in other countries, the costs (expenditures) incurred by companies to fulfill their economic, legal, and ethical responsibilities appear together in the income statements of those companies without any distinction among them in those statements. Only people who specialize in Corporate Social Responsibility Accounting (CSRA) can differentiate among CSRs costs. In the modern era, companies' financial statements are no longer acceptable unless they include enough disclosure about social performance to demonstrate the extent of those companies' commitment to CSR requirements. To meet this requirement, the accountants who prepare corporate financial statements must be fully aware of the meaning of CSC.

It is expected that the preparers of the financial statements of any company will face a problem in determining the true value of the economic sacrifice (social cost) that their company incurs to fulfill the requirements of CSR. In other words, they may fail to accurately determine the value of that cost. This expectation did not come out of nowhere. There are challenges and outstanding issues that support it. Those challenges and issues are: i) There is no consensus on which activities fall under the scope of social accounting and which activities are not. The thought of CSRA did not provide clear criteria for distinguishing corporate social activities from corporate economic activities (Bazmawy, 2002). ii) There is no unified definition of the term "Corporate Social Responsibility (CSR)" (Leguel & Zamali, 2016).

In other words, there is no agreement among scholars about what CSR means. There is a fair number of various definitions issued by scholars and international organizations that explain the meaning of the term "Corporate Social Responsibility (CSR)." This multiplicity of interpretations of the meaning of CSR has led to the emergence of many dimensions and areas of CSR, the components of which have not yet been agreed upon. For example: There is no agreement among organizations specialized in the accounting profession in America- such as AAN; AICPA; AAA, regarding the areas of CSR (Bazmawy, 2002; Ahmed et al., 2018).

Defining CSR is not an easy matter. There are at least three reasons for this (Matten & Moon, 2008; Rasche et al., 2017). First, CSR is a contested concept that is defined (and applied) differently by different groups of people. We could even argue that this ambiguity is part of the reason why CSR has been so successful; under the label of CSR yet across a variety of (often disagreeing) stakeholders, people have for decades agreed on the importance of debating the role of business in society.

However, this ambiguity has also caused criticism. If the meaning of CSR cannot be agreed upon and specified precisely, corporations can easily exploit the concept by selectively applying the concept to those issue areas they can conveniently address. Second, CSR overlaps with other conceptions that describe business–society relations (e.g. business ethics, sustainability, accountability). Finally, like forms of business organization and governance, CSR is a dynamic phenomenon. What counts as an issue relevant to the CSR debate changes over time, as new problems emerge, and formerly novel practices become routine (Ofurum & Ngoke, 2022).

In other words, the concept of CSR is flexible, as it can be expanded to include changes in economic, political and social conditions, and the growing desires of stakeholders. 3) There are many approaches and theories that justify the idea of CSR, each of which adopts a specific orientation. For example, the justifications for social contract theory differ from the justifications for stakeholder theory. 4) There are some activities whose content reflects the issue of overlapping corporate social responsibilities (CSRs), especially the overlap between economic responsibility and other responsibilities (legal and ethical) (Schwartz & Carroll, 2003). 5) There is no agreement among scholars regarding the meaning of CSC.

There are several definitions of the term "corporate social cost (CSC)" with inconsistent meanings. For example: CSR cost is the total amount of money spent or expended by business establishments to accomplish or fulfill their CSR activities for the society at a specific time (Iheduru & Chukwuma, 2019; Ofurum & Ngoke, 2022). This implies that CSR cost arises from the actual implementation of straightforward CSR programs or initiatives that would benefit the community, for example, rural electrification, road rehabilitation, skill acquisition programs, scholarship awards, etc. This definition reflects the classical concept of CSR.

This definition indicates that CSCs are the support that companies provide to the communities in which they operate. This definition is incomplete because it ignores the social costs in other areas of CSR, such as employees, customers, the environment, etc. Estes (1976) believes that CSC represents what is spent (or what should be spent) to eliminate harm resulting from the economic unit's conduct of its activity, such as pollution. Al-Shirazi (1990), divided CSCs into direct and indirect costs. Direct costs represent the economic sacrifices that the economic unit bears because of its voluntary or involuntary commitment to implementing some social programs and activities that are not required by its own activity.

These are burdens that do not bring a direct benefit or return to the economic unit. Indirect costs represent the damages or sacrifices incurred by society due to the activities of economic units such as environmental pollution resulting from the activities of economic units. Due to the diversity and difference of scholars' opinions on many concepts in CSR thought, including the concept of CSCs, the following problems will be expected to occur: 1) Disclosure of corporate social responsibility (corporate social performance) in different modes and formulas, which may not be understood by readers of the financial statements and thus negatively affect the results of the corporate social performance evaluation.

Also, disclosure without relying on specific and agreed-upon standards may not meet the requirements of the principle of full disclosure. 2) Disclosure of corporate social responsibility (corporate social performance) in an incomplete or incorrect manner negatively affects the results of evaluating corporate social performance. In this regard, it can be said that, due to the lack of an accurate definition of the term "corporate social costs", in addition to the multiplicity of opinions issued regarding the definition of this term, it is expected that companies will disclose social costs in their financial statements and reports in an incomplete or incorrect manner.

By reviewing the thought of CSRA, it was found that there is no previous study that accurately describes the characteristics of CSCs, which can be used as criteria to differentiate between CECs and CSCs. Scientific writing in this field is scarce. Based on the above, this study aims to: 1) Determine the characteristics of CSCs. 2) Develop a precise definition of the term " Corporate Social Costs (CSCs) " that is consistent with those characteristics. Accountants in companies, students in universities, and researchers in scientific research centers are in urgent need of such a study to remove confusion about the precise meaning of the term corporate social costs.

Accountants' understanding of the characteristics of CSCs will enable them to correctly disclose CSR costs in the financial statements and reports. Students in universities and researchers in scientific research centers are also in dire need of a scientific manuscript that can be relied upon in understanding the meaning of CSCs to enhance their scientific abilities in the field of CSRA.

2. Literature Review

2.1. The Role of Business in Society

The idea of the social role of corporations was placed in focus in the 1950s of the twentieth century (Davis & Frederick, 1984; Terziev, 2019). This was partly due to the development of cooperation between private sector enterprises and the governments of the industrialized countries during the Second World War and later, in the years of the "Cold War" (Terziev, 2019). There is no doubt that the role of private sector enterprises in societies has changed in the modern era. This change was accompanied by a change in the concept of CSR. Business plays a vital role in our lives.

Businesses produce goods and services to satisfy our needs and wants. Then, they also recruit households as laborers and provide them with compensation, such as wages, salaries, and benefits. Thus, business enterprises become a source of their income, which can be used to sustain their life. Business enterprises were and still are the lifeblood of societies. Business responsibilities have changed with changing political, economic, and social conditions. Responsibilities now are not the same as those that were prevalent before the emergence of the idea of CSR. CSR has become one of the pillars of contemporary business management. CSR reflects the modern role of business. The modern role of the business sector lies in its institutions' commitment to their economic, legal, and ethical responsibilities to achieve well-being within the societies in which they operate.

The head of the largest German bank - Deutsche Bank - Hermann Joseph Abs wrote in 1973: Profit is a necessary condition for the survival of an enterprise, and that the importance of profit to the enterprise is as important as the air that a person breathes. But just as a person does not live just to breathe air, neither does an enterprise operate to make a profit. The enterprise's function is to provide goods and services to the community and create job opportunities, not just to achieve an increase in stock prices (Khaddour, 2011). The German writer Ulrich Schäfer wrote in the last paragraph of his book The Collapse of Capitalism: "The future of the capitalist system depends on the extent of the change that will occur in the prevailing morality in society and on everyone's awareness (everyone must realize) that the principle of social responsibility is no less important than the principle of the free market. But, if society ignores this fact, the market economy is exposed to the same fate as socialism: collapse and disappearance (Khaddour, 2011).

The traditional role of businesses in the societies in which they operate does not go beyond providing goods and services at reasonable prices that guarantee them profits and enable them to pay their obligations such as salaries and taxes. There was no other role for businesses other than that. The traditional role of businesses in the societies in which they operate is entirely consistent with Milton Friedman's idea of CSR. "In 1970 American economist Milton Friedman wrote an article in the New York Times entitled "A Friedman Doctrine: The social responsibility of business is to increase its profits. The theory argues that the main responsibility of a business is to maximize its revenue and increase returns to shareholders." The 1976 Nobel Prize winner in economics, Milton Friedman, is one of those people who reject the idea of CSR.

Friedman (1970) argued that the only social responsibilities businesses have is to increase their profits. Friedman's theory argues that the main responsibility of a business is to maximize their revenue and increase returns to shareholders. According to Friedman, no company is obligated to engage in social responsibility unless the shareholders choose to. It is also referred to as shareholder theory. What does it mean to say that the corporate executive has a “social responsibility” in his capacity as businessman? If this statement is not pure rhetoric, it must mean that he is to act in some way that is not in the interest of his employers. "Friedman argues that the shareholders can then decide for themselves what social initiatives to take part in, rather than have an executive whom the shareholders appointed explicitly for business purposes decide such matters for them.

For example, that he is to refrain from increasing the price of the product to contribute to the social objective of preventing inflation, even though a price increase would be in the best interests of the corporation. Or that he is to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law to contribute to the social objective of improving the environment. Or that, at the expense of corporate profits, he is to hire “hard core” unemployed instead of better qualified available workmen to contribute to the social objective of reducing poverty. (Friedman, 1970). Friedman (1970) theorized that free markets and competitive environments should decide what is best for the world and not corporations. He is not arguing that businesses should never engage in activities that enhance social welfare; in fact, he argues that free-market capitalism itself enhances social welfare (Dunn & Burton, 2006).

With the advent of the Industrial Revolution, the abundance of innovations, and the availability of a fertile environment for creating wealth, companies in Western countries were competing for profit, indifferent to any concerns other than maximizing profits. This competition had negative effects, some of which were not apparent in that period such as climate changes resulting from environmental pollution accumulated over time (ozone hole). In fact, for-profit corporations have played an important role in developing societies throughout history. Companies, through their continuous innovations, have contributed to enhancing people's well-being. Companies were and still are a source of income for owners, heads of families, and governments (profits, salaries, and taxes).

This can be considered the bright side of companies, while the dark side is represented by the economic and financial crises and ethical and environmental disasters that those companies have caused in the communities in which they operate. In the modern era, with people’s awareness of the risks and damage caused by companies at all levels, and with the emergence of the new world order (globalization) and the inability of governments to fulfill their roles considering population explosions, the perception of the role of companies in contemporary societies has changed. For several reasons, including those mentioned above, contemporary societies - especially in developed countries, have called for companies to have a greater role than the traditional role (providing goods and services, making profits, and paying taxes and salaries).

As a result of those calls and demands, companies responded to the desires of their societies and developed their roles by adding new roles that did not exist before. The modern role added to the traditional role of companies emerges mainly from the idea of developing "corporate goals." Profit is no longer the only goal of companies. Companies must have a social role in addition to their economic role. Companies must adhere to their legal and ethical responsibilities towards all stakeholders. CSR as an innovative idea is to expand the role of companies in the communities in which they operate.

CSR is generally understood as being the way through which a company achieves a balance of economic, environmental, and social imperatives (Triple Bottom Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. Companies, just as they contribute to creating returns for their owners or shareholders, must contribute to creating benefits for other stakeholders and not harm them. CSR was not known before the first half of the twentieth century. CSR reflects the contemporary role of companies in the modern era. CSR has become part of the business management strategy in modern organizations.

The notion of traditional corporate responsibility, which means that companies are only accountable to their owners, may not be acceptable in today's world, which is characterized by intertwined relationships and interests. In a world where consumers have many choices and investors are constantly searching for stability and security for their investments. In a world where companies are at risk of large fines for legal violations. A world dominated by information technology. A world dominated by fear, anxiety, greed, and wrong thoughts. In a world where companies must consider the interests and desires of others who are outside their walls and buildings. A world dominated by the neo-liberal ideology, principles, and rules of globalization, with its devastating impact.

A world in which companies must fulfill their social responsibilities (economic, legal, and ethical) if they hope to survive and succeed. In today's world, CSR has become a guide that leads companies to the path of success in competitive markets. Companies' commitment to their social responsibilities can indirectly contribute to enhancing their economic performance. Perhaps one of the most prominent advocates and supporters of CSR is the well-known economist, Paul Samuelson.

Samuelson (1971) states that "a large corporation these days not only may engage in social responsibility, but it had also damn well better try to do so." In today's world markets, the quality of products and their prices are almost the same, and to create a competitive advantage that goes beyond the quality and price of the product, companies have adopted the idea of fulfilling the requirements of CSR to gain the satisfaction and loyalty of many segments of stakeholders to enhance their reputations and thus their competitive advantages.

2.2. Corporate Social Responsibility (CSR)

The idea of CSR came as a tool to mitigate the negative effects of classical capitalism. The thought of CSR emerged to change the features of classical capitalism. Classical capitalism is no longer acceptable in contemporary societies. For-profit companies- that operate according to market logic under capitalist economic systems, have been governed and updated with many modern concepts, such as CSR, corporate governance, and sustainable development to mitigate their negative effects on the societies in which they operate. CSR refers to the strategies adopted by corporations or firms that conduct their business in an ethical, environmentally friendly and beneficial manner for society's development (ISMAIL, 2009). Corporations that neglect to integrate CSR initiatives into their business practices leave themselves open to negative stakeholder perceptions (Spangler & Pompper, 2011; Ude et al.,2021).

There is no precise definition of CSR, but most definitions include the same general meanings of CSR, for example: Carroll (1979): The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time. CEC Definition of CSR: COMMISSION OF THE EUROPEAN COMMUNITIES (CEC): Most definitions of corporate social responsibility describe it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (CEC, 2001; Hopkins, 2014).

The World Business Council for Sustainable Development (WBCSD): "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."(WBCSD, 2000; Hopkins, 2014). Kotler and Lee (2005) define CSR as "a commitment to improve community well-being through discretionary business practices and contributions of corporate resources." *The researcher defines CSR in a way that is consistent with the content of this study as follows: CSR means companies' commitment to maximizing their profits - to meet the legitimate desire of shareholders or owners, within the limits of applicable laws and in an ethical manner - in response to the codified and uncodified desires of other stakeholders.*

2.3. Stakeholders

A stakeholder is a person or group with an interest in an enterprise. A stakeholder is a party that has an interest in a company and can either affect or be affected by the business. The primary stakeholders in a typical corporation are its investors, employees, customers, and suppliers. Stakeholder means any people or groups who are positively or negatively impacted by a project, initiative, policy, or organization. They could be internal (internal stakeholders are people whose interest in a company comes through a direct relationship) or external (external stakeholders are those who do not directly work with a company but are affected somehow by the actions and outcomes of the business). Here are some common examples of stakeholder groups: Partners, Owners, Shareholders, Executives, Employees, Internal team for the project, Creditors, Suppliers, Wholesale resellers, Referral partners & affiliates, Customers, Users, Industry groups, Unions, Media organizations, Regulators, Government, Community groups, Local public, Civil society organizations, Charities, Society, etc. (Margolis & Walsh, 2003).

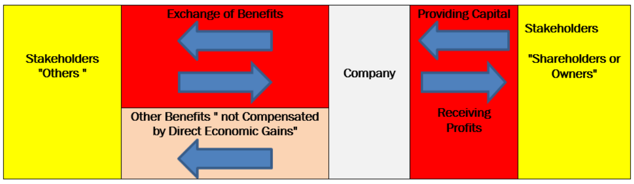

Figure 1. The Relationship between the Company and its Stakeholders

2.3.1. Stakeholders Desires

For companies, stakeholders can be classified into two groups: 1) A group that seeks economic gain (profit) with the aim of maximizing its wealth. They are the shareholders or owners of ownership. The commitment of companies to achieve this desire falls under what is called corporate economic responsibility. 2) The other group is other stakeholders such as employees, customers, suppliers, environmentalists, government, charities, society, etc. Some of them may have mutual interests with companies (effort in exchange for money, materials, goods and services in exchange for money, and so on), who may also receive other benefits from companies involuntarily (such as taxes paid to the government) or voluntarily (such as donations given to charities). Other benefits -whether tangible or intangible- that they receive from companies reflect the companies' response to their codified and uncodified desires. Companies' response to these desires reflects their commitment to their legal and ethical responsibilities. Companies provide these benefits to improve their image and enhance their reputation and competitive advantage. Other benefits are not compensated for direct economic gains.

Other benefits " as indicated in Figure 1" can be considered as the catalyst that ensures the continuation of the relationship between other stakeholders and the company. The expenditures that companies incur to achieve these benefits are called social costs. Just as shareholders receive profits, other stakeholders expect to receive benefits consistent with their codified and uncodified desires. Other stakeholders expect to obtain benefits other than those traditional benefits resulting from the exchange of interests. For example, the traditional benefit for employees is that they receive salaries in exchange for the effort they put into work, and they expect to obtain more benefits that exceed those salaries, such as obtaining free meals.

2.4. Theories to Justify New Roles for Businesses

The new role of business and CSR are two sides of the same coin. CSR is the true meaning of new roles for business. CSR means developing and updating business objectives, strategies, and policies to be in harmony with contemporary political, economic, and social changes. In the thought of CSR, three theories justify the idea of CSR or the idea of new corporate roles: 1) Stakeholder theory. 2) Social contract theory. 3) Corporate citizenship theory.

2.4.1. Stakeholder Theory

Stakeholder theory is a view of capitalism that emphasizes the interconnected relationships between a business and its customers, suppliers, employees, investors, communities, and others who have a stake in the business organization. The theory argues that a firm should create value for all stakeholders, not just shareholders or owners of ownership. Stakeholder capitalism is a system in which corporations are oriented to serve the interests of all their stakeholders. Under this system, a company's purpose is to create long-term value and not to maximize profits and enhance shareholder value at the cost of other stakeholder groups.

It is the core of stakeholder capitalism: it is a form of capitalism in which companies do not only optimize short-term profits for shareholders, but seek long-term value creation, by taking into account the needs of all their stakeholders, and society at large (World Economic Forum). Socially responsible activities practiced by a company mean dealing in an ethical and socially responsible manner with all stakeholders outside and within that company (Hopkins, 2014; Šain, 2021). Stakeholders are all those who have an impact on the business of a company, and also those who are affected by the business of a particular company (Freeman, 1984; Šain, 2021).

The Stakeholder theory suggests that as a social organization, a company should consider the effect of its every action and its CSR involvement must benefit the people, community, and society on a large scale"(Costa & Menichini, 2013; Šain, 2021). Margolis and Walsh (2003) distinguish between the internal and external application of CSR, i.e. external stakeholders (local community, environment, and consumers) are beneficiaries of external CSR activities, and employees are beneficiaries of internal CSR activities. Employees, consumers, and the community are considered vital stakeholders for the company because they are important for the business growth and long-term survival of the company and are also a central feature of all CSR Reports (Mahmud et al., 2021; Šain, 2021).

Stakeholder theory has been variously described as "the new story of business" (Freeman 2017), "essentially contested" (Miles, 2011), and "unbridled socialism" (Friedman, 1970; Haataja, 2020). Stakeholder theory has been variously described as a perspective, a set of ideas, expressions, and metaphors related to the overarching objective of maximizing stakeholder value. Companies must be aware that their operations are not only geared toward the interests of the companies alone but must give benefits to all the other existing stakeholders if they want to survive and continue in competitive environments. (Zarefar & Sawarjuwono, 2021).

Consideration of stakeholder interests in managerial decision-making is described by Freeman (2009) to enable "better consequences for all stakeholders because it recognizes that stakeholder interests are joint. If one stakeholder pursues its interests at the expense of others, then the others with either withdraw their support or look to create another network of stakeholder value creation" (Haataja, 2020). Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the firm (McWilliams et al.,2006).

Stakeholder theory is often contrasted with the prevailing economic view of the firm which is summarized under the label shareholder theory. This purportedly narrow perspective of the firm is characterized by the belief that corporations exist to create as much value as possible for shareholders (Sundaram & Inkpen, 2004; Haataja, 2020). The differences between the two perspectives are multifaceted, stakeholder theorists view profitability as an important objective but do not consider the interest of shareholders to be more important than that of other stakeholders (Strand & Freeman, 2015; Haataja, 2020). The shareholder perspective is typically described as the position represented by Milton Friedman and can be summarized by his proposition that “the social responsibility of business is to increase its profits . . . without deception or fraud” (1970).

According to stakeholder theory, the company must contribute to creating value (benefit) - whether tangible or intangible - for all stakeholders. The value (benefit) that a company can create for shareholders is profit, while the benefits that employees can get from the company, they work for are varied. They may be tangible or intangible. For example, providing meals during working hours is a tangible benefit while providing a suitable working environment, designated smoking areas, and a nursery for children are intangible benefits.

2.4.1.1. Creating Value for Stakeholders

Creating value means providing something that is valuable to a stakeholder and that cannot be found elsewhere. It can also mean providing a better service than what is available elsewhere, and it can even mean creating a product that no one else has. Creating value is the capacity to increase the value of something to fit into a particular expectation. For customers, value creation is offering products that meet and exceed customers' expectations. Value creation refers to giving out something of worth to receive something of higher worth.

For example, if you're baking cakes to sell, you might make them more valuable by adding chocolate chips, which helps you to make more sales. Businesses exist to make money and satisfy customers' needs, and they remain profitable by maintaining a high level of customer satisfaction. To earn money, they offer products and services that add value to their customers. By creating value for their customers, businesses increase the likelihood of them continuing to pay for their commodities or services produced. In addition, if a company adds value without increasing the price of its product or service, it may attract new customers. For employees, most business organizations adopt many administrative and financial policies to create value for their employees.

As is well known, adopting such policies indirectly contributes to improving the performance of those organizations. For example, providing free meals to workers during working hours contributes to achieving benefits for those workers. The benefits that workers gain from those meals are the intended meaning of the term "value creation." Those meals add value to those workers (achieve benefits for those workers). Therefore, the costs of creating value for stakeholders (except for shareholders) can be considered CSCs.

Based on stakeholder theory, which explicitly calls for the necessity of creating value for all stakeholders, the researcher divided the desires of stakeholders into three types: 1) A legitimate desire, which is the desire of shareholders. Shareholders' desire to maximize profit is a legitimate desire that is not opposed by society. It is approved by society. It is not a codified or uncodified desire. The benefit (value) that companies must create for them is profits, and any direct costs incurred by companies to maximize revenues cannot be considered social costs. 2) A codified desire, which is the desire of some segments of stakeholders (except for shareholders).

It refers to the benefits that companies must involuntarily provide to certain segments of stakeholders or the value that companies must create for those segments based on the codified desire of those segments. The costs incurred by companies to achieve codified desires can be considered social costs. Note that these benefits are not compensated, meaning that companies will not receive any direct gains in exchange for providing these benefits other than enhancing their reputation and competitive advantage. 3) An uncodified desire, which is the desire of some segments of stakeholders (except for shareholders). It refers to the benefits that companies voluntarily provide to certain segments of stakeholders or the value that companies create for those segments based on the expectations of those segments.

The costs incurred by companies to achieve codified desires can be considered social costs. Note that these benefits are not compensated, meaning that companies will not receive any direct gains in exchange for providing these benefits other than enhancing their reputation and competitive advantage.

2.4.2. Social Contract Theory

The corporate social contract typically posits that the corporations have consented, either explicitly or tacitly, to surrender some of their returns to society about the negative externality their activities have created in society. Also, the notion of the corporate social contract indicates that the community has consented, either explicitly or implicitly, to surrender its resources to the firm in exchange for compensation. CSR is the most elementary form of the contract (Ibanga, 2018). CSR is the real commitment to the content of that contract. Social contract theory is a logical argument to justify corporate philanthropic responsibility.

2.4.3. Corporate Citizenship Theory

The term corporate citizenship is used in different ways by different people. In many instances, the term “corporate citizenship” is used as a synonym for corporate social responsibility, as a way of describing a corporation’s obligations to society overall. Corporate citizenship refers to a company’s responsibilities toward society. The goal is to produce higher standards of living and quality of life for the communities that surround them and still maintain profitability for stakeholders. The notion of corporate citizenship is attractive because the term "citizenship" is itself powerfully attractive in many ways.

Citizenship is something that individuals often take great pride in, and is seen as coming with substantial responsibilities, ranging from the legal responsibility to pay taxes to the moral responsibility to be a good neighbor. For this reason, those who want to encourage corporations to act well may want to frame that in terms of corporate citizenship. To the extent that we think that corporations ought to be positive forces in society, it may be attractive to think of them as needing to be "good corporate citizens." Corporate citizenship refers to a company's impact on the economic, environmental, and social welfare of local and global communities.

This concept represents a shift from solely thinking about businesses as money-making entities to viewing them as agents of social good. Corporate citizenship involves the social responsibility of businesses and the extent to which they meet legal, ethical, and economic responsibilities as established by shareholders. The theory simply says that corporations need to put the interest of the members of society at the same level with that of the organization. The corporate citizen concept, therefore, refers to a type of company that intends to put the interest of society at the same level as its own interest.

The concept of corporate citizenship defines the company as a political actor with a legitimate role to play beyond the economic and financial sphere. The company assumes the economic, legal, ethical, and discretionary responsibilities established by its stakeholders (Asemah, 2022).

2.4.3.1. Differences between CSR and corporate citizenship

1) Corporate citizenship represents the charitable part of CSR, especially regarding its positive impact on society. The following concepts, such as corporate giving, corporate volunteering, and corporate community engagement, can fall under the umbrella of corporate citizenship. 2) CSR and corporate citizenship are interchangeable terms, especially in practice. 3) Corporate citizenship as a democratic concept: The company acts as an active citizen in society and has a political role, rights, and obligations to organize things in society (Matten & Crane, 2005).4) corporate citizenship focuses on businesses actively engaging with their communities and contributing to society. It goes beyond corporate responsibility and emphasizes companies' role as active members of their communities. The term CSR encompasses more than just social and environmental responsibilities. It encompasses legal and ethical responsibilities as well.

2.5. Primary Responsibility and Supporting Responsibilities

Corporate economic responsibility, which means maximizing profit, is the responsibility that reflects the legitimate desire of the owners or shareholders. Economic responsibility is considered the primary responsibility because without this desire, there would be no companies in this existence. In the modern era, companies cannot fulfill their economic responsibilities unless they adhere to their other responsibilities (legal and ethical). Legal and ethical responsibilities can be viewed as supporting responsibilities to economic responsibility. Corporate economic responsibility (profit maximization) depends primarily on legal and ethical responsibilities. This relationship is visualized in **Figure 2**. The company's commitment to its legal and ethical responsibilities contributes to enhancing its reputation and competitive advantage, thus enabling it to achieve its goal of "maximizing profit."

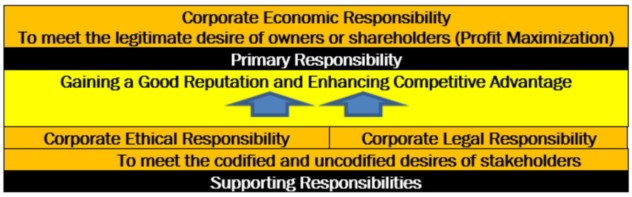

Figure 2. Primary Responsibility and Supporting Responsibilities

2.5.1. Economic responsibility "Be profitable"

Corporations have the responsibility to produce goods and services that the community needs and sell them for a profit. Any other role of business is based on this element (Carroll, 1979; MEBARKI, 2020). The principle of profit was originally defined in terms of "acceptable profits" and then turned into "maximization of profit" (Carroll & Shabana 2010; MEBARKI, 2020). Economic responsibility means profit maximization. Among the requirements for profit maximization that Carroll indicated in his 1991 model are operating efficiency and competitiveness. In the modern era, companies can gain competitiveness through their commitment to their social responsibilities.

As for operating efficiency, it can be achieved through rational management of the available economic resources. Operational efficiency means reducing production costs to the lowest level. Operational efficiency is the corporation's ability to reduce wastage of time, effort and raw materials as much as possible, while still producing a high-quality product or service. Operational efficiency can include industrial waste recycling. Operational efficiency means the optimal use of available economic resources, including the recycling of industrial waste, and this is what sustainable development calls for in the economic field.

Based on the foregoing, the corporate economic responsibility means maximizing profit in a rational economic way, "the optimum utilization of available economic resources." This means that any legitimate activity that contributes to maximizing profit and achieving sustainable development goals must be adopted by the company (Saleh, 2022).

2.5.2. Legal responsibility "Obey the law"

Legal responsibilities reflect a view of "codified ethics" in the sense that they embody basic notions of fair operations as established by our legislators (Carroll, 1991). Laws are the tool that regulates the relationship among all entities- whether natural or legal persons, within society and preserves their rights. Law is society's codification of right and wrong (Carroll, 1991). Companies as legal entities must achieve their goals in a manner consistent with the laws of the society in which they operate. The company's failure to comply with its legal responsibilities may negatively affect its economic performance.

This effect may be direct or indirect. The direct effect is to impose financial penalties on the company or prevent it from carrying out its economic activity. While the indirect effect is the company's loss of its reputation in the community in which it operates. People generally tend to admire those companies that conform to all legal responsibilities that are put on them. It is the minimum social obligation from the firms' side (Lin-Hi, 2010; Yasir & Amjad, 2021). For these reasons, companies are forced to respect and comply with laws.

The company's obligation to its legal responsibility may be just compliance without any financial obligations such as compliance with the Child Labor Law (Non-compliance may result in financial penalties. These penalties will negatively affect the company's profit figure) or compliance and payment such as compliance with corporate income tax law (Saleh, 2022).

2.5.3. Ethical responsibility "Be ethical"

Ethical responsibility is those activities and practices that community members prohibit, even though they are not codified in laws. It includes standards or expectations that reflect concern about what consumers, employees, shareholders and what society perceived as equitable, fair or harmonious while respecting or protecting the moral rights of stakeholders beyond the legal sphere as the driving force behind the creation of laws or regulations (Carroll, 1991). Businesses must commit to doing what is right, fair and just and do no harm.

Ethical responsibilities are voluntary activities and choices made by the business and goes further than legal and economic responsibilities, since these actions are not codified into any laws or regulations and is based on doing what is right (Laskar, 2020). Ethical obligations may move to the legal responsibility category at the future time. Ethical responsibility is more difficult for business to anticipate and follow (Tai et al., 2013).

The normative expectations of most communities hold that laws are necessary but not enough. In addition to what is required by laws and regulations, society expects businesses to operate and conduct their activities in an ethical manner. Taking on ethical responsibilities implies that organizations will embrace those activities, norms, standards and practices that even though they are not codified into law, are expected nonetheless. Part of the ethical expectation is that businesses will be responsive to the "spirit" of the law, not just the letter of the law.

Another aspect of the ethical expectation is that businesses will conduct their activities in a fair and objective fashion even in those cases when laws do not provide guidance or dictate courses of action. Thus, ethical responsibilities embrace those activities, standards, policies, and practices that are expected or prohibited by society even though they are not codified into law. The objective of these expectations is that businesses will be responsible for and responsive to the full range of norms, standards, values, principles, and expectations that reflect and honor what consumers, employees, owners and the community regard as consistent with respect to the protection of stakeholders' moral rights.

The distinction between legal and ethical expectations can often be tricky. Lawful expectations certainly are based on ethical premises. But ethical expectations carry these further. In essence, then, both contain a strong ethical dimension or character and the difference hinges upon the mandate society has given business through legal codification (Carroll, 2016). The activities carried out by the institutions in various sectors "for profit and non-profit" - to achieve their goals, must be consistent with noble human values and the code of ethics and the rules of professional conduct. These organizations must combat administrative and financial corruption.

These institutions should contribute to promoting social justice among employees and "equal opportunities for all". These institutions must prevent all forms of racial discrimination within their walls, etc. These institutions must abide by the implicit agreement between them and society (the social contract theory) (Saleh, 2022).

The researcher defines the ethical responsibility of companies as follows: It is the company's voluntary response to everything that is right, acceptable and praiseworthy, and to stay away from everything that is harmful and undesirable from the point of view of the public or private society. The private society intended in this definition is the sector to which the institution belongs, such as the health sector, the industrial sector, the trade sector, the education sector, etc. Mostly, professions attributed to these sectors have codes of ethics and rules of professional conduct to control and regulate professional behavior in those professions.

As is well known, professional codes of conduct are issued by governments, ministries, unions or the economic institutions themselves. Codes of ethics and rules of professional conduct are not laws. They are instructions and directives that institutions voluntarily adhere to with the intention of directing human behavior in the right direction to do what is right or desirable and avoid what is harmful or wrong. The public society is the society of a country in which the organization operates. Every society aspires, ambitions and desires that change according to the surrounding circumstances. Those demands are not codified, and society hopes that institutions will contribute to achieving them, either because of their ability to do so or because of their direct relationship to those demands.

Also, every society has values, customs, traditions and religions that it wishes to be respected by economic institutions. Examples: 1) Private sector institutions in Libya often pay much lower wages than public sector institutions. To achieve social justice among the Libyan people, all Libyans desire that there be no disparity in the levels of wages paid by the two sectors. The response of private sector companies to this desire means that those companies are committed to a part of their ethical responsibility, especially since there are no laws to address this issue. 2) Reducing the selling prices of essential goods and services, in appreciation of people's economic conditions. These actions are among the commendable initiatives that command the public's gratitude and should therefore be included in the list of ethical responsibilities according to Carroll and Schwartz's vision. 3) Returning or removing a defective product from the market, etc. (Saleh, 2022).

Thus, corporate ethical responsibility includes the following requirements: 1) Voluntary response to everything that is right, desirable and praiseworthy from the point of view of society as a whole or one of its segments, provided that there is no conflict between the desires of society as a whole and its segments. 2) Respect for the prevailing religions in society. 3) Respecting the values, norms and traditions prevailing in society. 4) Avoiding harmful and unacceptable actions and behaviors, even if they are not criminalized by laws. 5) In addition to combating unethical behavior in society. For example: Many firms have processes to ensure they're not purchasing products resulting from slavery or child labor (Saleh, 2022).

This definition is fully consistent with Carroll and Schwartz's view that philanthropic responsibility should be excluded from the list of CSRs. The researcher agrees with them regarding the necessity of including charitable activities within the ethical or economic responsibilities (Saleh, 2022).

2.6. Corporate Social Responsibility Disclosure (CSRD)

Companies' commitment to their social responsibilities is considered one of the most important factors that help companies survive and continue in competitive environments, especially in developed countries. This commitment must be made clear to others. In these countries, CSRD has become necessary because it provides an opportunity for users of financial statements to evaluate the quality of companies' commitment to their social responsibilities. In the modern era, evaluating company performance is no longer limited to financial indicators, but has expanded to include non-financial indicators, including social indicators. On this basis, many segments of financial statement users have begun to demand that companies disclose the extent to which they fulfill their social responsibilities. To meet this desire, the thought of corporate social responsibility accounting (CSRA) emerged (Onaiza & Ali, 2013).

Disclosure can be quantitative or descriptive. One of the most important requirements for quantitative CSRD is identifying and measuring CSCs incurred by companies to fulfill CSR requirements. The researcher defines CSRD as follows: It is a descriptive and quantitative statement, whether in financial statements or special reports, submitted by companies to inform others about their achievements in the field of CSR. This statement must include sufficient clarification about the extent of companies' commitment to CSR requirements in the following areas: employees, customers; the environment; and society.

CSRA is one of the fields that has received increasing attention in recent decades (since the 1970s) by professional accounting organizations and academics in Western countries. In their issued reports, the following organizations (AICPA in 1973, AAA in 1976, and ICA 1975) indicated the need for companies to pay attention to disclosing social performance in financial reports (Al-Ghazwi, 2010). Not all people understand the content of the accounts and numbers contained in the financial statements. Based on this fact, the commitment or non-commitment of companies to their social responsibilities will depend on the scientific knowledge of the idea of CSR, as not all individuals possess this knowledge. Specialists in the field of CSR are the only ones who can understand the content of those accounts and numbers.

Therefore, companies must accurately disclose their commitment to their social responsibilities. To enable companies to disclose their social performance in a scientifically correct manner, the idea of CSRA emerged. "Several studies on CSRD use legitimacy theory as the most logical theory to justify the importance of CSRD" (Ghozali & Anis, 2007; Solikhah, 2016). According to Liu and Anbumozhi (2009), previous studies on disclosures use the legitimacy theory to explain incentives for corporate voluntary disclosure for which CSRD is an important component.

Legitimacy theory indicates that the company carries out its activity in a constantly changing external environment and it tries to convince others through the process of disclosure that its behavior is in accordance with the limits and norms in society (Brown & Deegan, 1998; Solikhah, 2016). Legitimacy theory focuses on the interaction between companies and communities (Ghozali & Anis, 2007; Solikhah, 2016). In line with the legitimacy theory, CSRD aims to legitimize a company's behavior by providing information intended to influence stakeholders' and eventually society's perceptions about the company (Hooghiemstra, 2000). Deegan (2002) posited that the increase in social disclosures is a strategy by corporations to alter the perceptions about the legitimization of an organization to achieve the continuing mandate of society.

Branco and Rodrigues (2008) also argued that CSRD is a critical way for firms to communicate with society, to convince the public that they are meeting their social expectations. According to Akinpelu et al. (2013), the legitimacy theory argues for companies to carry out their activities within the framework (bounds and norms) of the society they are operating. They further argue that these bounds and norms are not fixed hence the need for organizations to watch out for changes and respond to them appropriately (Coffie et al., 2018).

Legitimacy theory also explains that gaining public trust in a company's operational activities is very important because those activities affect social values in society. To achieve this trust, these activities must be disclosed (Ridi, 2023). Gray et al. (1995) showed that environmental and social disclosure is a way to legitimize the survival and company's operations in the community (Solikhah, 2016).

3. Materials and Methods

The researcher posits that all expenses incurred by companies to fulfill the codified and uncodified desires of stakeholders (excluding the desires of shareholders or owners), which do not directly impact the companies' operations, should be classified as social costs (CSCs). To identify CSCs and distinguish them from Corporate Environmental Costs (CECs), it is essential to separate the profit-maximization goals of shareholders or owners from the needs and benefits of other stakeholders, which may be driven by legal requirements or voluntarily provided by companies without coercion. By analyzing the nature of the benefits obtained by other stakeholders and examining their effects, the characteristics of social costs associated with those benefits can be identified. Based on these characteristics, an accurate definition of CSCs can be established, along with criteria for differentiating them from CECs.

Rational thinking refers to the cognitive process of drawing logical and reasoned conclusions from data, facts, or information. It involves deeper reflection, using logic and inference to arrive at sound conclusions about a given proposition or task. Rational thinking is the method of analyzing information to reach conclusions that are not immediately apparent from the available data. Logical deduction is the process of extracting facts that may not be obvious to others, based on sound reasoning and justification.

The field of Corporate Social Responsibility Accounting (CSRA) is relatively new compared to other branches of accounting and remains in its developmental stages. As a result, several issues have yet to be addressed comprehensively, with the most notable being how to define and disclose CSCs in financial statements and reports. Current efforts are largely driven by the individual initiatives of those interested in this area. Therefore, CSRA represents fertile ground for the development of theories and the introduction of new ideas and proposals (McWilliams et al., 2006). In this context, this study aims to contribute to the advancement of CSRA by offering new insights and initiatives.

4. Results and Discussion

4.1. Social Cost

The term "social cost" can be defined as follows: Social cost is the total cost to society. It includes private costs plus any external costs. Example of driving to work: Social costs will include the following: Cost of paying for petrol (personal cost); cost of increased congestion (external cost); pollution and worse air quality (external cost). The social cost includes all the above (petrol, congestion and pollution). An example of the social cost of smoking: If you smoke, the private cost is £6 for a packet of 20 cigarettes. But, there are also external costs to society (air pollution and risks of passive smoking; litter from discarded cigarette butts; health costs to society).

The social costs of smoking include the total of all private and external costs. Example of the social cost of building an airport: The private costs of that airport might include the cost of building the airport and the wages of the workers assigned to operate the airport. External costs of that airport can include causing noise and air pollution to those living near the airport; damage received by airport neighbors as a result of aircraft crashes or collisions; loss of landscape. Based on the above, it is possible to formulate a precise definition of the term "social cost"- in its general sense, as follows: It is the economic sacrifice incurred by a beneficiary to own, use, or create something, in addition to the damage that that thing causes to others.

4.1.1. Corporate Social Costs (CSCs)

CSCs can be classified into three categories as follows:1) Damages incurred by society as a whole or one of its segments because of companies carrying out their economic activities (damages without compensation). 2) Damages or economic losses that companies receive from society or one of its segments due to certain decisions and policies that were not previously known, unexpected immoral acts, or certain sudden circumstances (damages without compensation). This type of CSCs has been clearly observed in Libya. 3) Economic sacrifices that are not directly related to the economic activity of the companies and that are incurred by companies to create benefits for any category of stakeholders other than shareholders or owners to enhance their reputation and competitive advantage.

The problem of identifying and measuring CSCs: This problem lies in explaining what social costs are and what expenditures are included in the term "social cost", as there are two conflicting points of view, the first is economic and the second is accounting. Economists believe that social costs represent the disadvantages that society bears as a result of the company's practice of its economic activity. These disadvantages (damages) may be intentional or unintentional, controllable or uncontrollable (The social cost is the cost related to the working of the firm but is not explicitly borne by the firm instead it is the cost to the society due to the production of a commodity or service.

Social costs are the material and non-material damages borne by society or one of its segments as a result of companies carrying out their economic activity), while accountants believe that social costs represent the financial burdens that the company spends and are not required by its economic activity. Moreover, the company will not obtain any direct returns or benefits in return for these costs, but rather they are spent because of the company's commitment to some social responsibilities towards its stakeholders (except for Shareholders) as a response to their desires, whether codified or uncodified. It is noted here that accounting opinion is necessary in the case of practicing social accounting at the level of the economic unit (Saleh et al., 2016-2017).

4.1.1.1. CSCs in the Economic Literature (Economists' Point of View)

The term "social costs" is used in economics as a synonym for the following terms "negative externalities," "bad effects," and "unpaid costs" of the economic activities of private business companies, which are not accounted for, not borne by the companies causing them, whose burden is borne by society as a whole or one of its groups, segments, components or individuals (Al-Humaidi, 2017), are not compensated for by business companies, and whose damages can be estimated in some cases. Kapp (1975) considered social costs as all those tangible and intangible damages and losses caused by economic activities driven by the principle of investment for profit that are not accounted for in the cost accounts of those responsible for their production, but are shifted to and borne by third persons, the whole community or future generations. They are unpaid costs by those who produce them (Neves, 2018).

The idea underlying the concept of social cost is a very simple one. A man initiating an action does not necessarily bear all the costs (or reap all the benefits) himself. Those that he does bear are private costs; those he does not are external costs. The sum of the two constitutes the social cost. Achieving goals and desires often requires incurring two types of costs: one borne by the beneficiary, and one borne by other parties. The total of these costs is known as social costs. The basic idea of social cost explained by Kapp K. William is that maximizing net profit by a private business enterprise may reduce income or benefit to other enterprises and society in general. Kapp defined social costs as all direct and indirect losses whose burden is borne by a third party, other parties, or society in general because of the economic activities of a private business enterprise. Those losses may include the following: harm to human health, destruction or contamination of property values, accelerated depletion of natural resources, and reduction of the values of intangible assets (Kapp, 1975; Al-Humaidi, 2017).

Based on the above, the researcher reformulates the definition of CSCs according to the point of view of economists as follows: They are the material and non-material damages (including opportunity costs) that society or one of its segments bears because of the economic activities of business enterprises. The harms that companies can cause to the communities in which they operate include the following: 1) Environmental pollution (air, water, and soil pollution). 2) Moral pollution. 3) Noise Pollution. 4) Destruction of forests. 5) Depletion and waste of economic resources and failure to exploit them optimally. 6) Creating health problems (cigarette and alcohol industry). 7) Creating social problems (such as crime, divorce, and destruction of moral values in society). 8) Loss of economic savings resulting from excessive pricing. 8) Accelerated depletion of economic resources. 9) Negative effects of technical change. 10) Unemployment and idle productive resources, etc. Environmental Pollution: Pollution caused by companies can be divided into three types:

1) Environmental pollution

There are three types of pollutants: 1) Solid pollutants. Solid pollutants are those pollutants resulting from many industries, such as dust resulting from the cement industry and building materials factories, materials for packing, wrapping, and preserving products of industrial companies (that are thrown into the streets, parks, and forests), and leftover raw materials and damaged products. 2) Liquid pollutants. Liquid pollutants are solutions of chemicals released by factories into waterways. 3) Gaseous pollutants. Gaseous pollutants are harmful gases and fumes rising from the chimneys of factories and oil refineries.

Protection of the environment is a hot topic in today's political climate (Rose & Hach, 2024). Environmentalists, on all occasions, recommend the necessity of adopting a package of urgent measures to combat the phenomenon of environmental pollution and reduce its negative effects on the planet, including, for example, the use of alternative energy, the production of environmentally friendly products, and ensuring the disposal of industrial waste in an environmentally safe manner. Ecological pollution does more than affect our surroundings. It can directly affect our health in very serious and sometimes even deadly ways. Far too often, corporations- whether industrial or service, are directly responsible for environmental pollution that results in serious and long-term illness for those exposed. There are many ways that companies recklessly pollute the environment and endanger people's health and lives. All of which should result in legal liability. The following is a list of some of the types of pollution that have serious health consequences. (Rose & Hach, 2024).

A) Hazards of dust and toxic gases. Dust exposure: Especially silica dust which can penetrate your lungs and sometimes cause fatal lung diseases like silicosis and lung cancer. It can also cause other respiratory illnesses like asthma, emphysema, and chronic obstructive pulmonary disease. This toxic dust is a product of many industries. Examples include construction, glass production, dental laboratories, foundries, and concrete production. Another example is asbestos, the fibrous silica mineral linked to cancer mesothelioma. When companies like these do not take necessary precautions to prevent the air pollution of toxic dust that their employees or bystanders may breathe in, they can be held liable for their actions and brought to justice for their negligence. Toxic gases rising from factories also contribute to the pollution of the air that people breathe. Gradually, over the years, these gases have played a role in the depletion of the ozone layer and the emergence of climate change problems on planet Earth in the modern era.

B) Mismanagement of Waste Products: Mismanagement of waste products can have many serious environmental and health effects. This is especially true if they leak into a public water supply or a public space. This type of water pollution can wreak havoc on your health, especially if you drink polluted water. Chemicals, detergents, food waste products, toxic sludge, and certain metals like lead, can all contribute to water pollution. Drinking water with these waste pollutants can lead to several long-term issues, particularly developmental problems in children, reproductive issues, gastrointestinal problems, and neurological disorders. Many of these illnesses are irreversible and can permanently damage a person's health and quality of life.

C) Dangerous Chemical Exposure: Companies often mismanage dangerous chemicals by improperly disposing of them. They let them leak into the outside air, river water, seawater, groundwater, and soil. Exposure to certain chemicals due to pollution and waste can cause several serious illnesses. Exposure to pesticides, for example, can result in cancer, reproductive harm, and endocrine issues in the long term. In addition, acute exposure to these chemicals can result in poisoning that may be fatal.

2) Moral pollution

Companies can contribute to creating what is known as moral pollution in the communities in which they operate through their employees or products. Corporate employees can contribute to the spread of many undesirable behaviors within society, such as bribery, extortion, nepotism, etc. Corporate products may also be responsible for destroying religious and moral values in societies. For example, pornographic films displayed on the internet have contributed to the spread of rape and vice crimes in Muslim societies, not to mention the destruction of moral and religious values in those societies. The researcher defines corporate moral pollution as follows: They are immoral actions that arouse feelings of disgust and contempt among good people in society, which companies contribute to spreading within the communities in which they operate, whether through their employees or their products.

Business ethics are the moral principles, policies, and values that govern the way companies and individuals engage in business activity. Business ethics refers to contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the business organization. It goes beyond legal requirements to establish a code of conduct that drives employee behavior at all levels and helps build trust between a business and its customers. Business ethics enhance the law by outlining acceptable behaviors beyond government control. Corporations establish business ethics to promote integrity among their employees and gain trust from key stakeholders, such as investors and consumers. Ethical behavior involves adhering to the accepted principles of right and wrong that govern the conduct of a profession including but not restricted to financial impropriety and accounting malpractices. Ethical Behavior means the application of moral principles, standards of behavior, and a set of values regarding proper conduct in the workplace.

Moral pollution is considered one of the most dangerous types of pollution of all, because morality is the foundation on which any human activity is based, as it is the tool that organizes social life within society. In the field of business, companies can contribute to the collapse of the moral system within society through their immoral practices to achieve their goals. There is no doubt that companies' failure to adhere to standards of proper ethical behavior has a negative impact on the environment in which they operate. To preserve the economic environment in any society from moral pollution, companies must have a sufficient degree of moral values. Moral pollution is similar to environmental pollution in concept, as environmental pollution means changing the environment from its natural (undistorted) state to an unnatural (bad) state. Likewise, moral pollution means changing the morals of members of society from a positive and correct state to a bad and negative state.

3) Noise pollution and congestion

Noise pollution- also called "environmental noise", is any unwanted or disturbing sound that affects the health and well-being of humans and other organisms. Noise pollution is unwanted or excessive sound that can have deleterious effects on human health, wildlife, and environmental quality. Noise pollution is commonly generated inside many industrial facilities and some other workplaces, but it also comes from highway, railway, and airplane traffic and from outdoor construction activities. Employees and customers can contribute to creating congestion in the area where the company is located. Harmful effects of congestion:

Firstly, traffic congestion causes unpredictable delays that stresses us over when we are rushing for appointments, work, and catching a flight. As if that is not bad enough, traffic jams also take away our precious time with our family, reducing our private time and so disrupting our work-life balance. Secondly, long rows of vehicles crawling on the road means more fuel is wasted. More carbon is released into the atmosphere, causing a rise in global temperature. Air pollution in a city would mean a poorer quality of air for us to breathe. That’s how traffic congestion contributes to climate change and bad health.

Thirdly, traffic jams aggravate emergency cases as police cars, fire engines, and ambulances cannot reach their destination in time. In an emergency, each second counts. One second late is often a life and death matter during emergency. Traffic congestion also has negative effects on people's health, as it creates nervous tensions in people.

4.1.1.2. Accelerated Depletion

Resource depletion is the consumption of a resource faster than it can be replenished. Natural resource depletion occurs when resources are taken from the environment faster than they are replenished. This problem is further amplified by global population increases and consequent increasing resource needs. For example, in the field of marine fishing companies, companies must adhere to sustainable fishing standards. To avoid the issue of accelerated depletion of tuna fish, companies must adhere to fishing standards (laws) that guarantee the reproduction of these fish and their continued presence in the seas and oceans.

4.1.1.3. Technological Development

Negative Impacts of Technology on Society:

Job Loss: As machines and robots become more advanced, they can perform tasks that were previously done by humans. This can lead to job losses and economic instability for the displaced. Cyberbullying: Cyberbullying is the use of technology to harass, threaten, embarrass, or target another person. Social media and messaging apps have made it easier than ever for people to harass and bully others online. This can have a profound impact on mental health and well-being, particularly for children and teenagers who are more vulnerable to online bullying. Technology Addiction: Many people spend excessive amounts of time on their phones, computers, and other devices, leading to a range of negative health effects, such as eye strain, sleep deprivation, and increased stress levels. The spread of unemployment and crime: Technical development has contributed to the exacerbation of unemployment and crime rates within contemporary societies.

4.1.1.4. Opportunity Cost (incurred by society as a whole or one of its segments)

Opportunity cost means that economic resources are not being used optimally. Companies can contribute to the waste of society's economic resources, which constitute part of the state's national wealth. Also, the opportunity cost may be intangible and cannot be measured, as in the case of purchasing low-quality products compared to high-quality international products (opportunity cost is the luxury that consumers lose as a result of purchasing low-quality products).

4.1.1.5. Wasting Economic Resources

Resource waste refers to the unnecessary or useless use of natural resources, manpower, time, or other resources that could have been used more efficiently or sustainably. Resource waste can include many different types of activities and can have serious consequences for the environment and the economy. Wasting economic resources means: 1) Employing economic resources in excess of need. 2) Production in large quantities with inability to market. 3) Manufacturing defective products in quantities exceeding the normal rate.

4.1.1.6. Unemployed Capital

Unemployed capital can be considered as an opportunity cost. The term "unemployed capital" refers to the existence of assets (investment) of an economic entity that are not employed, either permanently or at certain times. The phenomenon of unemployed capital can be observed in seasonal industries. For example, olive pressing factories, sardine and tuna fish canning factories, and natural juice factories can be considered unemployed capital in periods when raw materials such as olives, sardines, tuna, and fruits are not available. Regardless of the ownership of these factories, economists consider these factories to be part of the state's national wealth. Periods of non-operation of these factories can be considered a social cost. The social cost is represented by the presence of unemployed capital that does not generate any economic benefits during certain periods.

Characteristics of CSCs according to economists' point of view: 1) They are material and non-material damages resulting from the practice of economic activity by business institutions. 2) These are unpaid costs. 3) They are not accounted for. 4) They are costs borne by society or one of its segments (a third party). 5) These costs are not compensated for those affected. 6) These costs are unintended. 7) In certain exceptional cases, the value of these costs (damages) can be estimated. 8) These costs are not paid by companies and are therefore not taken into account when determining the selling prices of products. 9) Some of these costs (damages) may not be discovered until after a long period of time.

4.1.1.7. Accounting for CSCs and the Problem of Measuring them

Economists tried to evaluate social costs in a monetary form to include them in the economic analysis of private business companies at the micro and macro levels, but all their attempts failed. Most economists have acknowledged that the most important social costs are not subject to financial accounting measurement (Davis & Whinston, 1992; Pigou, 1960; Kapp, 1975; Mishan, 1967; Al-Humaidi, 2017). Among the most important reasons for the failure of economists' attempts are the following: 1) Some types of costs, especially the most important ones, cannot be measured in monetary terms, such as air pollution and noise pollution (Pigou, 1960). 2) There is a lot of damage caused by industrial companies to their communities, such as the destruction of human health, the destruction of the aesthetic values of the environment, the destruction of the recreational values of rivers and lakes, and the destruction of the natural life of animals and birds, cannot be estimated in price.

For example, the social costs of injuries, illness, and deaths that arise from industrial accidents and occupational hazards in the workplace cannot be evaluated, estimated, and expressed in monetary terms, and any attempt to evaluate them with money is considered immoral. The value of human health and life is priceless. 3) In addition to the above, there is a third problem that is no less important than the previous problems, which is that there is a long period of time between the occurrence of social costs and their impact on human health. For example, water pollution with mercury. This pollution affects the algae, then the fish that feed on the algae, and finally the person who eats those fish. It may take several years for water to become contaminated with mercury. Tracking social costs and connecting them to specific time periods is a challenging task. 4) There are social costs (damages) that are difficult to attribute to a specific company. That damage is caused by a variety of economic activities. This is what can be called joint damage. For example, air pollution with greenhouse gases is caused by electricity generation companies, cars, factories, etc., which rely on fossil fuels (Mishan, 1967; Al-Humaidi, 2017), etc.

4.1.2. The Meaning of CSCs in Accounting Literature (Accountants' Point of View)

According to stakeholder theory, the concept of CSCs is no longer limited to the donations that companies make to the communities in which they operate. It has evolved to include all the costs that companies pay to meet the codified and uncodified desires of stakeholders. " The old and undeveloped concept of CSCs, represented by corporate donations, is entirely consistent with the corporate social contract theory. The stakeholders intended here are all stakeholders except owners or shareholders."

4.1.2.1. CSCs as Explicit Costs and Implicit Costs

According to Schwartz and Carroll's 2003 classification of CSRs- which they classify into three responsibilities (economic responsibility, which reflects the legitimate desire of shareholders, legal responsibility, which reflects the codified desires of society as a whole or one of its segments, and ethical responsibility, which reflects the uncodified desires for any segment of stakeholders except shareholders), By analyzing and studying the nature of all expenditures incurred by companies in order to fulfill these responsibilities, the following facts can be stated: 1) All expenditures incurred by companies to fulfill these responsibilities are explicit costs (clear, identifiable and measurable costs).

All these costs contribute to reducing the annual profit figure. 2) CSCs are everything that companies spend to fulfill the requirements of their legal and ethical responsibilities. They represent companies' responses to the codified and uncodified desires of stakeholders (except shareholders). 3) All expenditures incurred by companies to fulfill the requirements of their ethical responsibilities can reflect the concept of implicit cost (opportunity cost) because they are voluntary expenditures provided that there is no overlap between ethical responsibility and economic responsibility. They represent a corporate response to the uncodified desires of stakeholders. Implicit costs are often difficult to estimate and measure.

Examples: Expenditures incurred by companies without coercion to improve the working environment for employees, support local communities, and protect the environment are explicit costs and at the same time reflect the concept of implicit cost (opportunity cost), as these costs could have generated economic returns if they had been invested in other areas. These returns can be considered an opportunity cost. An example of the overlap between ethical responsibility and economic responsibility: The expenses incurred by companies to develop products and improve their quality to enhance their revenues and achieve well-being for customers are explicit costs, but they do not reflect the concept of implicit cost (opportunity cost) due to the overlap between economic and ethical responsibilities.

These expenditures are joint costs, as they reflect companies' commitment to their economic and ethical responsibilities at the same time. 4) All expenses incurred by companies to fulfill the requirements of their social responsibilities contribute to enhancing their reputation and competitive advantage - in the long run, and thus their level of profitability. These gains can be considered as compensation for lost opportunity costs. An intangible cost is a cost that can be identified but cannot be quantified or easily estimated. Common intangible costs include impaired goodwill, loss of employee morale, or brand damage. While not directly measurable, intangible costs can have a genuine impact on a company's bottom line.

Intangible costs are expenditures involved but cannot be quantified or expressed in monetary value, like loss of production due to strikes, late coming, declines in customer satisfaction, productivity, employee morale, reputation, or brand value, etc. An implicit cost is any cost that has already occurred but is not necessarily shown or reported as a separate expense. It represents an opportunity cost that arises when a company uses internal resources toward a project without any explicit compensation for the utilization of resources. The implicit cost is the lost gains and benefits resulting from not exploiting resources in other, better, and more profitable areas.

Explicit cost is a payment—a monetary transaction—made to others while running a business that represents cash outflows. It includes wages, mortgage, rent, utilities, advertisements, raw materials, and other general, administrative and sales costs. It does not include amortization or depreciation. Explicit costs, also known as accounting costs, are normal business expenses that appear in the general ledger. These costs can directly affect a business's profitability. Another example of tangible and intangible costs is when companies invest in new technologies. A tangible cost might be the machine that a company purchases. However, the intangible cost is the lost experience and potential lower employee morale from laying off the employee that the machine replaced.

The researcher believes that all CSRCs are explicit costs, as they are clear and specific and can be included in accounting records. These costs can be described as non-explicit costs (hidden or implicit) because they indirectly contribute - in the long run, to enhancing the reputation and competitive advantage of the company. These costs are to fulfill CSR requirements, but they contribute to the creation of intangible assets. These costs are not explicit, but rather implicit (hidden) when referring to their role in enhancing our reputation and competitive advantage.

In this regard, the researcher adds another definition to the implicit cost, which is: They are the costs that can contribute to creating additional benefits other than the benefits intended to be achieved from the spending process. Example to clarify: The donations that companies make to the communities in which they operate are to enhance the well-being of those communities and improve the quality of life in them. Financial donations made by companies are explicit costs. They are clear and can be measured and included in financial records easily and without any problems.

These donations can also be considered implicit (not explicit) costs because they contribute to creating intangible assets (reputation and competitive advantage). These donations are hidden costs (unclear) for intangible assets, as they contribute to the creation of other assets indirectly. Also, these donations can be considered joint costs, as they contribute to achieving well-being and improving the quality of life within the communities in which companies operate, and at the same time contribute to improving the companies' image, reputation, and competitive advantage (and it is not possible to determine the share of intangible assets from these costs).

Also, since the expenditures incurred by companies to meet ethical responsibility requirements are voluntary, they can be described as implicit costs because they reflect the concept of opportunity cost (For more information about explicit and implicit costs, and identifiable costs and intangible (estimating) costs, see: Sprinkle & Maines, 2010; Ogedengbefor & Chinyere, 2022; Orlitzky et al.,2003; Matten & Moon, 2008; Weshah et al., 2012; Balakrishnan et al., 2008).

4.1.2.2. Meaning of Corporate Social Responsibility Costs (CSRCs)

The term "Corporate Social Responsibility Costs (CSRCs)" can be used to express the following: A) The economic sacrifices incurred by companies to fulfill the requirements of their social responsibilities (legal and ethical). B) Economic damage to shareholders due to companies' compliance with their ethical responsibilities (decrease in annual profits due to voluntary spending). C) Economic damage to employees and customers resulting from the application of the compensation policy (reducing wages, purchasing poor-quality materials at lower prices, closing the product development department and improving its quality).

CSRCs in the sense of spending: CSRCs are all expenditures incurred by companies to fulfill the requirements of their social responsibilities. CSRCs in the sense of damages to stakeholders: CSRCs are all the economic damages to which shareholders, employees, and customers are exposed due to fulfilling the requirements of social responsibilities- especially ethical responsibility, as well as adopting compensation policies. First, the shareholders: The economic sacrifices made by companies to adhere to their social responsibilities- especially ethical responsibilities, contribute to reducing annual profits - especially in non-competitive markets and developing societies where there is no effect of CSR on customer decisions.

The amount of decline in annual profits can be considered the costs borne by shareholders due to their companies' commitment to their social responsibilities Secondly, the employees: Companies may adopt a policy of recouping their donations to charity by reducing workers' wages. According to this policy, workers receive wages that may be lower than prevailing market wages. This policy may refer to the indirect participation of employees in financing corporate charitable donations, but this participation is not declared. Based on the above, it can be said that if companies compensate donations to charities by reducing workers' wages, this could ultimately harm workers' well-being. This can be considered one of the most important damages that workers receive due to companies' commitment to their social responsibilities.

CSRCs in this case are the difference between wages paid to workers and prevailing market wages. Third, customers: Companies-especially monopolies, may purchase low-quality raw materials at low prices to recover (compensate) their donations to charities. Following this policy results in the provision of poor-quality goods, which negatively affects the well-being of customers who use those goods. Accordingly, a low level of luxury refers to the cost incurred by customers due to companies' commitment to their social responsibilities.

4.1.2.3. Classification of Corporate Activities and Spending

"Corporate activities can be classified into two groups: compulsory activities and voluntary activities, as shown in Figure 3. 1) Compulsory activities are divided into two types: primary activities are such as purchasing management activities, production management activities, and marketing management activities and supporting activities are such as maintenance management activities, financial management activities, HRM activities, public relations management activities, etc." (Porter, 1985). Compulsory activities directly affect the result of the company's activity (profit or loss). Supporting activities are to support primary activities. Primary activities cannot be completed without supporting activities. 2) Voluntary activities indirectly affect the result of the company's activity (profit or loss in the long run) such as activities and programs to improve the work environment and charitable activities, etc. They may contribute indirectly to enhancing activity results (profit or loss).

Voluntary activities can be carried out inside and outside the walls and buildings of the company. Voluntary activities are what can be called internal and external CSR activities. Voluntary activities can contribute to gaining the satisfaction and loyalty of employees, customers, investors, society, government, etc. Voluntary activities can contribute to improving the company's image and enhancing its reputation and competitive advantage. These intangible assets can contribute indirectly to enhancing corporate profits. Corporate spending can be classified into two categories: mandatory spending is spending on primary and supporting activities, and legal obligations (legal responsibility): voluntary spending is spending on internal and external voluntary activities (CSR activities: ethical responsibility).

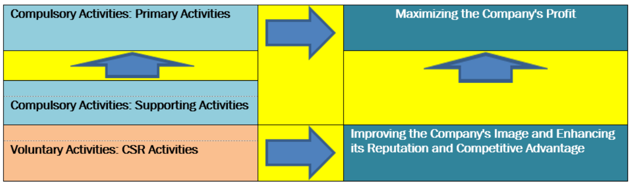

Figure 3. Primary Activities, Supporting Activities and CSR Activities

The researcher adopts Schwartz & Carroll's classification of CSRs (economic, legal, ethical). The word "society" intended in this study means all the people who are inside and outside the buildings and walls of companies with all their classifications, segments, or sects, except for the owners or shareholders. When talking about CSCs, the researcher may also use the term "stakeholders" to express all stakeholders, including society as a whole, except for the owners or shareholders. Any benefits received by shareholders alone (without others) that exceed annual profits, the expenditures that generate those benefits cannot be considered a social cost.

Attention must also be drawn to another issue that many specialists in the field of CSR may overlook, which is that the pollution that companies cause to the societies in which they operate affects society as a whole with all its segments - including shareholders since they are part of the society in which they live, but the damage that shareholders or owners receive is not the same damage that other segments receive, as the damages received by shareholders are compensated by the profits they receive from the companies in which they invest. As a result, if CSCs mean the damage and losses that companies cause to others, then those affected will be one of the following segments: society, workers, customers, government, institutions and organizations, and certain segments and sects within society, etc., except for the owners or shareholders.

As the owners or shareholders are part of society, any damage to society will not have an impact on them because they will be compensated with profits, unlike the rest of the other segments of society that will not be compensated. If CSCs mean spending that brings benefits to others (not society, but specific segments of society), then the beneficiaries could be one of the following categories of stakeholders: employees, customers, government, charities, civil society organizations, students, poor families, public sector institutions, etc., excluding owners or shareholders. Any costs for the purpose of achieving gains for shareholders alone that exceed profits cannot be considered CSCs for a fundamental reason, which is that the only desire of shareholders is to maximize profit, and this desire does not fall within the legal and ethical responsibilities.

Therefore, any expenditure to generate gains for shareholders other than profits can be considered withdrawals from owners' equity (capital). If CSCs mean spending that benefits society, then the beneficiaries of the benefits resulting from such spending are all members of society, including owners or shareholders. The researcher also used the phrase "codified and uncodified desires". Codified desires are arranged into a formal written system (formulated in the form of legal texts by a legislative body). Uncodified desires are not arranged into a formal written system (not formulated in the form of legal texts by a legislative body).

4.3. Areas of CSCs

The costs associated with CSR can be measured by identifying CSR-related activities, as well as the activities that the company was unable to undertake due to its engagement in CSR initiatives (i.e., opportunity costs). These activities can be attributed to what is known as areas of CSR. The costs associated with cash contributions include the raw cash flows less the reduction in taxes to determine the true economic sacrifice. Firms also must consider the opportunity costs associated with cash and product donations. For example, if the $2 million contribution to Doctors Without Borders could be used for another project that generates a 12% return, then this cost (lost after-tax profit) needs to be considered (Sprinkle & Maines 2010).

There is no agreement among organizations specialized in the field of the accounting profession as well as scholars about the areas of CSR. The Committee on Accounting for Social Performance of the (National Accountants Association (NAA) in America) identified four areas of social performance are (Bazmawy, 2002; Ahmed et al.,2018): Interaction of organizations with society; contributing to the development of human resources; contributing to the development of natural and environmental resources; improving the quality of goods and services. As for the areas of corporate social performance identified by the American Institute of Certified Public Accountants (AICPA), they are the environment; non-renewable resources; human resources; suppliers; customers; and society.

The American Accounting Association (AAA) conducted a field study on some companies that prepare social statements and reports about their social, to identify methods of measurement and disclosure. It issued a report that includes five areas of social performance: Environmental control (control over the environment / environmental protection), minority employment, workers, product improvement, and community service (Bazmawy, 2002; Ahmed et al.,2018). Al-Fadl et al. (2002) confirmed that the following areas do not represent a unified program for all business establishments, but rather they are considered general dimensions of social activities, which are: employee activities; activities for interaction with the community; consumer protection activities; environmental protection activities (Abu Samra, 2009).

Salama (1999) believed that the social responsibility of business organizations includes the following areas: The field of internal human resources; the field of external human resources; and the field of the surrounding environment (Abu Samra, 2009). Hanan (2003) confirmed that the areas of social responsibility accounting are represented in the following points:1) The field of owners: achieving the highest rate of return on invested capital. 2) The field of workers: achieving good working conditions, fair incentives and wages, developing workers' skills and abilities, and achieving industrial security for them.

3) The field of consumers: Providing goods "at suitable prices for customers and high quality with the highest levels of safety and suitability for consumption." 4) The field of environment: Preserving natural resources and eliminating the negative effects resulting from organizations carrying out their activities. 5) The field of society: Improving the well-being of community members, or as it is called improving the quality of life, by providing goods and services that meet the unsatisfied needs of community members, and contributing to building schools and hospitals (Abu Samra, 2009).

The researcher believes that the areas of CSR are concentrated in four areas: Protecting the consumers and enhancing their well-being; developing the capabilities of employees, improving their work environment and enhancing their well-being (they and their families); protecting and improving the environment; supporting the community and interacting with its issues.

4.3.1. CSCs in workers' rights that go beyond salaries in exchange for the effort expended.

What is a corporation without its employees? Nothing. Workers are said to be the real assets of a corporation. Even the most advanced technology or the most well-built infrastructure would not be of much use if employees do not perform up to the mark and are not satisfied with their corporation's performance towards them. The modern corporation has a significant social impact as it possesses the capability to effectively manage productive resources and generate new wealth. However, the corporation's legitimacy depends not only on success in making wealth but also on its ability to meet the expectations of the various stakeholders who contribute to its continuation, survival, and success.

One of the most important groups of stakeholders is employees, without whom success cannot be achieved. For this reason, companies are interested in meeting the requirements of CSR in the field of human resources, to transform employees into an active force within those companies. Based on the stakeholder theory that is used to justify the idea of CSR in the field of employees, a package of requirements has been identified that companies adopt to fulfill their social responsibility in this field. These requirements are concentrated in the following areas: fair compensation, improving the work environment, occupational safety and health care, developing and enhancing workers' capabilities, and material and moral support for workers.

CSR can improve employee retention rates, boost morale, build loyalty and increase motivation. An engaged, happy employee who takes pride in their work is more likely to be a highly productive employee. CSR helps to attract talented individuals, it ensures that employees feel good in a company and consequently increase their commitment and the pleasure of business which leads to a better business performance (Chiang, 2010; Sjostrand, 2010; Turban & Greening,1997; Maignan et al.,1999; Luce et al.,2001; Čavalić & Bećirović, 2018).

Except for salaries paid for human effort, all expenses incurred by companies that contribute to the creation of benefits for employees can be classified as social costs. CSCs in the field of employees are all costs that result in achieving gains and benefits for workers and their families that exceed the salaries that are in exchange for the efforts purchased from them. CSR costs in employees contribute to achieving the following benefits. Some of these costs contribute to achieving economic savings for workers, which enhances the well-being of them and their families. Others contribute to achieving occupational protection and safety for workers and enhancing their skills in performing tasks. There is another type of cost that contributes to improving the work environment. Finally, there is a type of cost that ensures workers and their families a comfortable life after retirement.

4.3.1.1. Classification of expenditures as CSCs (CSRCs) in employees

To properly categorize corporate expenditures as CSCs (CSRCs) in the field of employees, these expenditures must contribute to achieving one of the following benefits for workers: 1) Gains without human effort: The expenditures incurred by companies in this area should not be in exchange for human effort (not compensated by humanitarian efforts such as paid vacations: Money without effort). 2) Improving the work environment: The expenditure incurred by companies in this area must contribute to improving the work environment. 3) Developing employees' skills: The expenditure incurred by companies in this area must contribute to developing employees' skills and improving their job performance. 4) Achieving well-being: The expenditures incurred by companies in this area must contribute to achieving well-being for workers and their families. 5) Achieving economic savings: The expenditure incurred by companies in this area must contribute to achieving economic savings for workers. 6) Ensuring protection and safety: The expenditures incurred by companies in this area must contribute to achieving the protection and occupational safety of workers. 7) Guaranteeing a decent life: The expenditures incurred by companies in this area must ensure a decent life for workers after retirement (such as social security contributions paid by companies). 8) Providing health care: The expenditures incurred by companies in this area must contribute to providing health care to workers (medical insurance).

4.3.1.2. Examples of CSCs (CSRCs) in employees

Expenditures incurred by companies in the following cases can be classified as CSCs (CSRCs) in employees: 1) Rewards and incentives such as end-of-service bonuses and incentive bonuses (benefits extend to workers' families). 2) Training employees (universities, educational institutions, and training centers cannot provide graduates and trainees with complete knowledge. Part of that knowledge must be provided by companies, especially since science is constantly evolving. To address this deficiency, companies train their employees to make them able to perform their job tasks effectively and efficiently.

Training is important because it represents a good opportunity for employees to grow their knowledge base and improve their job skills to become more effective in the workplace. Despite the cost of training for employees, the return on investment is immense if it is consistent. Training can be interpreted as an activity that supports the survival of workers in their jobs. Unskilled workers may be laid off, but companies may prefer to train them rather than lay them off to protect them from the negative effects of unemployment. Also, training workers can be interpreted as providing employment opportunities for people - fair opportunities in the communities in which they live. Without training, people may not get jobs.

It can also be construed as education on behalf of educational institutions).3) Paying salaries higher than the prevailing salaries in the market (the difference is considered an opportunity cost - lost economic savings).4) Allowances for hazardous occupations.5) The company's share in employees' social security.6) Paid vacations. 7) Medical Insurance. 8) Annual medical examinations.9) Interest-free advances (opportunity cost). 10) Means of transportation for workers and employees. 11) Workers' clothing and security and safety equipment. 12) Free meals and drinks. 13) Childcare at work. 14) Depreciation of air conditioning equipment. 15) Smoking places.

16) Cleanliness of the work environment. 17) Advantages of motherhood. 18) Employing people with disabilities (opportunity cost). 18) Publications (books, newspapers, and magazines). 19) Entertainment trips for workers and their families. 20) Annual workers' meetings. 21) Supporting employees in completing their academic studies. 22) Gifts for national and religious holidays, etc.

4.3.2. CSCs (CSRCs) in consumer protection and welfare

CSR towards consumers can be summarized in the following two areas: 1) Consumer protection. 2) Enhancing the well-being and improving the quality of life of the consumer. Therefore, all expenditures incurred by companies to protect consumers from any economic, health, or moral harm that may be caused by the goods or services produced by those companies and enhance well-being and improve the quality of life for consumers, can be considered CSRCs in consumer protection and welfare. Consumer protection may be defined as ensuring that consumers who purchase goods and services are protected from defective products and any unfair or deceptive business practices by producers and suppliers.

Consumer protection refers to the methods and practices adopted for safeguarding consumers from dishonest and immoral malpractices by sellers. The researcher defines the meaning of the term "consumer protection" as follows: It is the commitment of producers of goods and services to applicable laws and accepted and recognized ethical standards that ensure that buyers are not exposed to material and non-material damages due to their purchase and use of those goods and services. Consumer well-being refers to the level of satisfaction regarding satisfaction of needs that consumers derive from the goods and services they consume.

4.3.2.1. Classification of expenditures as CSCs (CSRCs) in consumer protection and welfare

To properly categorize corporate expenditures as CSCs (CSRCs) in the field of consumer protection and welfare, these expenditures must contribute to achieving one of the following benefits for consumes: 1) These expenditures must contribute to protecting the consumers from harm that the product may cause them. 2) These expenditures must contribute to achieving well-being and improve the quality of life for the consumers. 3) These expenditures must contribute to achieving economic savings for the consumer.

4.3.2.2. Examples of CSCs (CSRCs) in consumer protection and welfare

Expenditures incurred by companies in the following cases can be classified as CSCs (CSRCs) in consumer protection and welfare: 1) Providing services in a way that prevents congestion and noise pollution (Automated Teller Machines (ATMs) in banking services). 2) Free transportation of goods to customers. 3) Free maintenance for sold goods. 4) Collecting products from the market due to violation of manufacturing specifications. 5) Choosing appropriate packaging bags for the goods sold (for example, in bakeries, free paper bags are used instead of plastic ones. Paper bags do not have negative effects on people's health, unlike plastic bags.

In most cases, the prices of paper bags are higher than plastic bags, so the difference between the two prices is considered a social cost). 6) Retrieving empties such as cans, plastic bottles, etc. to prevent contamination in exchange for paying a financial incentive to the consumer.7) Returning sold goods that are damaged during the warranty period. 8) Developing the product to enhance its quality.9) Unifying the selling prices of products throughout the country through discounts granted to retailers. 10) Information printed on labels placed on product containers such as product ingredients, expiration date, how to use the product, how to store the product and product risks. 11) Quality control. 12) Losses resulting from perishable goods, whether by reducing their prices or destroying them, such as eggs, vegetables, and fruits.

Mostly, markets are interested in providing all goods (in quantities that meet the needs of residents in the area) to customers so that they do not have to go to markets far from their place of residence to reduce the burdens of life on them. Therefore, any losses that perishable goods may cause can be considered a social cost. (Adopting a policy of continuous commitment to always providing goods to the consumer).13) Free delivery services for purchased goods to customers' cars. 14) Losses of branches operating in remote areas. 15) Advertising campaigns. 16) Market Research, etc.

The issue of overlapping. There are costs that can be classified as joint costs because they can be attributed to more than one responsibility of CSRs (economic, legal and ethical), to more than one dimension of CSR, to more than one area of CSR, or one segment of stakeholders.

4.3.3. CSCs (CSRCs) in environment protection and sustainable development

The goal of companies' compliance with environmental protection laws is to find a balance between the economic growth of those companies and the preservation of the environment in which they operate. Environmental protection can include: 1) Protecting natural components (soil, water, and air) from pollution with toxic substances, gases, and industrial waste. 2) Reducing traffic congestion and noise. 3) Environmental protection may also include protecting society from the moral pollution that companies can create in the communities in which they operate, whether through their employees or their products.

The primary goal of environmental protection is to improve the quality of the environment in which current generations live and future generations will live. The following examples are some of the costs incurred by companies in this area: 1) Costs of disposing of industrial waste in an environmentally safe manner. 2) Waste recycling costs. 3) Depreciation installments for alternative energy equipment. 4) Costs of preventing air pollution with dust and toxic gases. 5) Costs of adding pollution control devices (annual depreciation expense). 6) Costs of preventing noise pollution and reducing traffic congestion. 7) Costs of treating the flow of pollutants into water and soil. 8) The costs of making the product safe and environmentally friendly. 9) Costs of reducing moral pollution. 10) Afforestation campaigns. 11) Support wildlife protectors and marine conservationists. 12) Costs of adhering to standards for rational exploitation of natural resources, etc.

4.3.4. CSCs (CSRCs) in supporting society and interacting with its issues and aspirations to improve quality of life and achieve well-being

In general, community-targeted CSR can include support for humanitarian causes, charitable giving, community development investments, and collaboration with NGOs (Šain, 2021). Corporate Community Involvement (CCI) refers to businesses' involvement in societal initiatives that aim to meet the needs of the communities in which they conduct their operations. Corporate community Involvement indicates all forms of material and moral support that companies provide to the communities in which they operate, to help those in need, alleviate crises, achieve well-being, and improve the quality of life within those communities. CCI forms part of CSR and refers to a company's financial and non-cash contributions, beyond its commercial operations, to disadvantaged communities and individuals for social upliftment and welfare.

Community support can include the following: 1) Providing material (money and assets) and non-material (effort and time) donations. 2) Fundraising for a cause. 3) Student training. 4) Making interest-free loans (opportunity cost). 5) Waiver of economic gains to others. 6) Reducing the selling prices of goods and services to alleviate the suffering of citizens under harsh and unusual circumstances. 7) Lending fixed assets to charities and public sector institutions (non-profit). 8) Afforestation campaigns and cleaning beaches and rivers. 9) Award of scholarship to university students. 10) Contributing to health care programs by supporting public health institutions. 11) Financial support to enhance the country's infrastructure. 12) Financial support for those affected by natural disasters, wars, and epidemics. The expenditures incurred by companies to implement such activities are considered social costs.

4.4. Characteristics of Corporate Social Costs (CSCs)

1) They are costs incurred by companies in response to the codified and uncodified desires of society as a whole or one of its segments (Shareholders' desire to maximize profit is legitimate, not opposed by society. It is approved by society. It is not a codified or uncodified desire. Therefore, CSCs are not primarily directed at achieving the desires of shareholders). 2) Companies' response to the codified and uncodified desires of stakeholders leads to enhancing the welfare of beneficiaries and improving their quality of life (earned benefits). In most cases, companies do not receive any direct compensation in exchange for this response.

3) According to Schwartz and Carroll's classification of social responsibilities proposed in 2003, these costs can be classified under the umbrella of corporate legal responsibility or the umbrella of corporate ethical responsibility. These costs are incurred by companies to fulfill the requirements of legal and ethical responsibilities. 4) These costs are incurred by companies voluntarily or involuntarily. 5) Some of these costs contribute to maintaining the health of workers, both physically and psychologically. 6) Some of these costs contribute to preventing environmental pollution of various types, such as pollution of the natural components of the environment, noise pollution, and moral pollution. 7) These costs, especially voluntary ones, reflect the concept of altruism, meaning the preference of others over owners.

8) Some of these costs directly and significantly impact on economic activity, meaning they have the same degree of impact on both economic performance and social performance, and it would be wrong to attribute them to only one performance and not to both performances. 9) Most of these costs do not have any direct relationship to the company's activity, but they may positively affect its performance in the long term. These costs may contribute to enhancing the company's reputation, competitive advantage, and hence profitability. 10) These costs may be tangible, such as money or assets, or intangible, such as the opportunity cost resulting from donations made to others. 11) Some of these costs can contribute to improving the quality of life and achieving well-being for society as a whole, for one of its segments or one of the sets of stakeholders other than shareholders.

12) Social costs are not paid (borne) by any segment of stakeholders (such as workers: by reducing wages, suppliers: by buying at low prices, or customers: by selling at high prices) on behalf of the company, either directly or indirectly. This means not exploiting the rights of others to pay social burdens (this means that it is not permissible to exploit others to pay social burdens).

Companies often engage in activities of CSR such as donating a share of profits to charity. Previous research suggests these initiatives can help attract and motivate workers, even at the cost of giving up part of their compensation.

However, experimental evidence confirms that when workers can choose who they want to work for, they prefer firms that offer a higher wage and are attracted by a firm's CSR only when they consider their wage offer as "fair." Further, if companies compensate donations to charity by reducing workers' wages, this could ultimately harm workers' well-being, depending on the workers' views on the donations (Feltovich & Briscese, 2021).

4.5. The Economic Damages and Losses that Companies Receive from Society

Just as society provides economic resources and benefits to businesses, it can also harm them. In the business world, especially in some developing countries such as Libya, society or one of its segments or components may cause economic losses and damages to companies without any compensation for those losses or damages. Therefore, these losses, in addition to the expenditures of repairing and remediating the damages by companies, can be considered social costs, provided that companies shall not receive any compensation for those losses and damages. Examples from the reality of the Libyan environment: Bad debt losses; Damage to companies' means of transportation, such as cars and buses, due to the supply of impure fuel (contaminated fuel) from gas stations, as happened in Libya in 2022; The inability of banks in Libya to provide cash liquidity to people on Eid al-Fitr in Libya in 2024 and the economic losses incurred by clothing stores; Assaults on corporate property – uncompensated, etc.

4.6. They are not Losses, but Social Costs

In some societies and under certain circumstances, businesses may continue to bear certain losses and costs due to social considerations. Although these losses and costs appear in the financial statements of business institutions as economic sacrifices that affect the results of economic activities and the financial positions of those institutions, they can be considered social costs. Examples from the reality of the Libyan environment: 1) The successive annual losses achieved by the branches of Al-Wahda Bank located in remote areas of Libya can be considered social costs. Despite these losses, these branches are still operating in these areas. These branches were established to achieve social goals, not economic ones. These branches aim to promote migration to remote areas and revitalize them by increasing their population. 2) The trade discount granted by industrial companies to markets in remote areas to unify the selling price of the commodity throughout the country to encourage migration to those areas (opportunity cost) can be considered a social cost.

4.7. Confusing Activities (Overlapping Responsibilities)

In this study, corporate activities were divided into primary activities, supporting activities, and CSR activities. Performing primary and supporting activities effectively and efficiently reflects the extent to which companies are committed to their economic responsibilities towards shareholders (maximizing profit). As for CSR activities, which can be attributed to legal and ethical responsibilities, they aim to create value for other stakeholders. In practice, some activities contribute to value creation (benefit) for more than one segment of stakeholders. Therefore, classifying activities according to CSRs may be confusing in some cases due to the overlap among responsibilities (economic, legal, and ethical).

The Concept of Overlap: This concept indicates that there is an activity practiced, a policy, or a procedure followed by the company whose content reflects the commitment to more than one responsibility. For example: Properly disposing of industrial waste to prevent harm to the environment. The content of this work reflects the company's commitment to the following responsibilities: Economic, legal, and environmental or Economic, ethical, and environmental. In the absence of laws, legal responsibility is replaced by ethical responsibility. As well as, in developed countries, companies' interest in protecting the environment affects their economic performance, and for this reason, economic responsibility must be included within the group (Saleh, 2022).

The costs incurred by companies in the field of worker training, quality control, and product development research are joint costs (their content reflects the commitment to more than one responsibility). Examples:1) Training costs are joint costs. Training costs contribute to enhancing the company's economic performance and can therefore be attributed to corporate economic responsibility. These costs also contribute to achieving benefits for employees (enhancing their cognitive and professional capabilities) and can therefore be attributed to corporate ethical responsibility. 2) The costs of quality control and product development research are joint costs.

They contribute to enhancing the economic performance of the company and therefore can be attributed to the economic responsibility of companies. These costs also contribute to protecting consumers from harm and achieving well-being for them and therefore can be attributed to the ethical responsibility of companies. These activities can be classified as joint activities as they work towards improving economic and social performance in tandem (Boulasnam & Ben Faraj, 2012; Bin Hamada & Bourkaib, 2022).

4.8. Exiting the Scope of Accounting for CSR

Some believe that social expenditures may turn into economic in the long term if these expenditures contribute to generating returns for the project in the future. Thus, such expenditures fall outside the scope of CSRA and are subject to accounting procedures for economic operations. The project's expenses in the social fields may increase sales volume (if a social return is achieved for customers), and such expenses may also lead to an increase in workers' productivity (if a social return is achieved for workers) (Dilley & Weygandt, 1973; Mohamed, 1980\1979). This may mean that these expenditures are not disclosed in the reports and financial statements as social costs.

The researcher disagrees with this opinion, as the positive results of CSR must be separated from the costs of CSR. Failure to disclose social costs in the financial statements will hide companies' commitment to their social responsibilities towards stakeholders. One of the key benefits of implementing CSR is the potential to gain a positive reputation and competitive advantage. These intangible assets can greatly impact a company's overall performance and success. The researcher agrees with them in the following exceptional case: "Social costs may turn into economic costs in the long term." The cost of developing the product to improve its quality (to enhance the welfare of consumers) or to make it environmentally friendly (protecting the environment) is a social cost, or part of it is considered a social cost.

When the developed product turns into a common product produced by all manufacturers in society and consumers do not accept its classic (undeveloped) form in the market, in this case the cost of developing the product cannot be considered a social cost. The following two examples illustrate the idea: 1) In the 21st century television industry, the cost of developing a TV set "to be a color TV" cannot be considered a social cost. Classic TVs (without color) are not manufactured all over the world, and even if they are manufactured, no one will buy them. 2) In the automobile industry, the cost of manufacturing cars environmentally friendly (electric cars) is a social cost, or part of it is considered a social cost. In the coming decades, all cars that run on fossil fuels will disappear from the market and will not be accepted by customers. Therefore, the cost of developing cars to be environmentally friendly cannot be considered a social cost. Environmental protection technology will be one of the basic components of the product.

The researcher also has another opinion regarding this issue, which is that "if people's willingness to purchase developed goods, whether improved goods or environmentally friendly goods, remains unchanged, then the cost of developing the product can be considered a social cost." In other words, more accurately, if the selling prices do not change due to the development process and there is no impact of the product development process on the level of sales volume, then in this case the development cost can be considered a social cost. But if it is higher than before, in this case, the cost of developing the product may be considered a joint cost. Part of it may be considered an economic cost and the other part a social cost. Example: If the sales volume of the developed product increased by 25%, in this case, 25% of the cost of developing the product can be considered an economic cost, and 75% is a social cost.

4.9. Definition of the Term "Corporate Social Costs"

4.9.1. A Comprehensive and Precise Definition of the Term "Corporate Social Costs" according to Economists' Point of View (Costs in the Sense of Losses and Damages):

CSCs are the economic, environmental, social, and health damages incurred by society as a whole or one of its segments as a result of companies practicing their economic activities, which are imposed by the nature of the industry and whose effects can extend to other societies, which in most cases can be prevented or reduced, which are often difficult to measure and account for, which are not taken into account when determining the selling prices of products, and which are not compensated by the companies that cause them.

Another formula: CSCs refer to the economic, environmental, social, and health damages that are inflicted upon society as a whole or one of its segments because of companies engaging in their economic activities. This damage is inherent to the nature of the industry and can have impacts on other societies. While they can often be prevented or minimized, they are challenging to quantify and are not factored into the pricing of products. Furthermore, the companies responsible for these damages do not provide compensation for them.

This type of cost is often not disclosed in companies' financial statements for several reasons, the most important of which are: 1) The difficulty of accounting measurement for this type of cost. 2) There is no impact of this type of cost on the companies' assets. 3) Disclosing these costs may affect the image and reputation of companies in the environments in which they operate, leading them to refrain from disclosing such costs.

4.9.2. The Exact Definition of the Term "Corporate Social Costs" according to Accountants' Point of View (Costs in the Sense of Spending):

Undoubtedly, the social cost of businesses does not only mean the donations that companies make to the communities in which they operate. CSR has expanded to include other areas such as employees, consumers, local communities, the environment, etc. Therefore, the definition of CSCs must reflect companies' commitment to their responsibilities towards stakeholders, including society (Note: When discussing CSCs, it is important to note that shareholders should not be included in the list of stakeholders, as mentioned earlier). Disclosure of these responsibilities in the financial statements must be consistent with the principle of comprehensive disclosure that reflects the economic and social aspects.

Disclosure of CSCs in reports and financial statements must be made in accordance with the requirements of comprehensive disclosure by stating the social and economic impacts of those costs.

CSCs are the economic sacrifices (money, assets, opportunity costs ceded to others) that companies incur in response to the codified and uncodified desires of stakeholders (such as employees, customers, suppliers, investors, environmentalists, the government, charities, poor people, students, and certain groups and segments of people, care homes, civil society organizations, public sector institutions in the country, society as a whole, etc., except for owners or shareholders) to achieve material and non-material benefits for any group of stakeholders and that are not compensated by direct economic gains. Opportunity costs ceded to others such as not raising the prices of basic goods in recognition of people's economic conditions in times of economic crises and inflation.

CSCs are the economic sacrifices that companies incur to meet the requirements of their legal and ethical responsibilities. A precise definition of CSCs - which includes all characteristics: CSCs are the tangible and intangible sacrifices incurred by companies, voluntarily or involuntarily, which can be subject to accounting measurement and which reflect the companies' response to the codified and uncodified desires of all segments of stakeholders inside and outside the walls and buildings of those companies, except shareholders or owners, which are not compensated by direct economic gains but contribute indirectly to improving their economic performance, part of which reflects the concept of altruism, which result in achieving well-being and improving the quality of life for the beneficiaries of those sacrifices, and perhaps even future generations.

4.9.3. Definition Explanation

CSCs are the tangible and intangible sacrifices: The economic sacrifices incurred by companies may be tangible, such as money, goods, or fixed assets, or they may be intangible and reflect the concept of opportunity cost such as not raising prices in the event of inflation (economic gains given up to others). Economic sacrifices can be voluntary or involuntary: The costs of meeting legal responsibility requirements, such as taxes, are involuntary (mandatory), while the costs of fulfilling ethical responsibility requirements, such as providing meals to employees, are voluntary. CSCs reflect the companies' response to the codified and uncodified desires:

Codified desires are desires reinforced by laws, such as the legislator's desire to grant women four months of paid maternity leave, as is the case in Libya. As for uncodified desires, it is an ethical issue. The achievement of these desires depends on the extent of the company's commitment to its moral responsibility. It is worth noting that companies' commitment to their ethical responsibilities in some areas depends on their financial capabilities, as in the case of donating to charitable organizations. CSCs are not compensated by direct economic gains but contribute indirectly to improving their economic performance:

The indirect contribution lies in improving the company's image, and enhancing its reputation and thus its competitive advantage, which contributes to improving the company's economic performance, especially in competitive environments. Part of CSCs reflects the concept of altruism: Most of the costs attributed to ethical responsibility are avoidable, yet companies continue to incur those costs. The fact that companies continue to incur those costs may reflect the concept of altruism, which means sacrificing part of the profits for the benefit of others, as in the case of donating to charitable organizations. The acceptance of the owner (one-man company), the owners (partnerships), or the shareholders (joint-stock companies) to give up part of their profits in favor of other stakeholders means preferring those others over themselves, and this is the true meaning of altruism.

It should be noted that, in some cases, costs can be described as a joint cost due to their direct contribution to improving both economic and social performance (according to Schwartz and Carroll's classification of social responsibilities, compliance with economic responsibility requirements is to improve the company's economic performance, while compliance with legal and ethical responsibilities requirements is to improve the company's social performance). In practice, it is observed that the costs of some activities can reflect the overlap of economic responsibility with ethical responsibility. In such cases, these costs are called joint costs. Although these costs contribute to improving the economic and social performance of companies, it will be difficult to determine the share of economic performance and social performance of these costs.

For example, using solar energy to generate electricity for the company's offices and buildings can contribute to achieving economic savings for the company. The costs incurred by companies in this area are joint costs that contribute to improving the economic performance of companies as well as their social performance (environment protection). Also, the costs of developing and improving product quality can be considered a joint cost (improving economic and social performance (enhancing consumer welfare)).

4.10. Criteria for Distinguishing between CECs and CSCs

Based on the previous presentation, a set of criteria can be established to distinguish between CECs and CSCs. These standards include: 1) Impact of Costs on Profitability. 2)The impact of costs on the result of the activity (profit or loss).3) The nature of the commitment to spending. 4) Classification of costs according to the desires of stakeholders. 5) Beneficiaries of the benefits resulting from the costs. 6) The purpose of the spending process. 7) Responsibilities to which costs belong. 8) Spending motives. 9) Altruism. 10) Compensation.

4.10.1. Impact of Costs on Profitability

CECs have a direct effect on profit, while CSCs do not have a direct impact on profit. CSCs may have an indirect impact on profit by enhancing reputation and competitive advantage.

4.10.2. The Impact of Costs on the Result of the Activity (Profit or Loss)

Although both are deducted from revenue, there is a difference between them in terms of direct contribution to revenue creation. CECs contribute directly to revenue generation. Through these costs, goods and services are produced. CSCs can indirectly contribute to revenue generation. These costs can contribute to creating a good reputation and competitive advantage for companies, which enhance their survival in the competitive market and ensure the continuity of their revenue flow.

4.10.3. Compensation

CECs are compensated through direct economic gains, such as receiving goods and services, while CSCs are not compensated by direct economic gains. CSCs are compensated by indirect economic gains, such as building a good reputation and gaining a competitive advantage.

4.10.4. Nature of the commitment (nature of the obligation to spend)

Costs can be classified into mandatory and voluntary costs. According to this classification, CECs and CSCs can be identified as follows: 1) CECs are mandatory costs that companies incur to carry out primary and supporting activities. Without these costs, goods and services cannot be produced and profit cannot be achieved. 2) As for CSCs, part of them is considered a mandatory cost and the other part is considered a voluntary cost. The mandatory part is the costs incurred by companies to fulfill their legal responsibility, while the voluntary part is the costs incurred by companies to fulfill their ethical responsibility.

4.10.5. Classification of costs according to the desires of stakeholders

Stakeholder desires can be used to classify costs into economic costs and social costs. CECs are expenses that companies incur to achieve the desire of their shareholders, which is to maximize their wealth through profits. The shareholders' desire can be called the legitimate desire " permitted by society. " Therefore, CECs reflect the companies' responses to the legitimate and approved desires of shareholders. While CSCs reflect companies' responses to the codified and uncodified desires of other stakeholders.

4.10.6. Beneficiaries of the benefits resulting from the costs

The beneficiaries of CECs are the owners or shareholders. CECs directly contribute to making a profit. The beneficiaries of CSCs are other stakeholders (other stakeholders are all stakeholders other than shareholders or owners). CSCs directly contribute to achieving certain benefits for other stakeholders in compliance with their codified and uncodified desires. CSCs may contribute to enhancing the company's reputation and competitive advantage, which may indirectly affect profitability. Therefore, it can be said that owners or shareholders can also benefit indirectly from CSCs.

4.10.7. Benefits of spending

CECs are for the purpose of profit maximization for shareholders. CSCs are to improve the quality of life and well-being of other stakeholders.

4.10.8. Responsibilities to which costs belong

Due to their direct relationship to profitability, CECs can be attributed to corporate economic responsibility. Companies incur these costs to achieve the legitimate desire of their owners or shareholders (profit generation). CSCs can be attributed to legal and ethical responsibilities. Companies incur these costs to satisfy the codified and uncodified desires of other stakeholders. Part of these costs can be attributed to legal responsibility and the other to ethical responsibility, depending on the nature of the cost.

4.10.9. Spending motives

CSCs are necessary to improve the company's image and enhance its reputation and competitive advantage. As for CECs, they are imposed by the nature of the work to achieve the legitimate desire of the owners or shareholders, which is to maximize profit.

4.10.10. Altruism

Almost all of the voluntary costs that companies incur to fulfill ethical responsibility requirements reflect the concept of altruism, meaning that companies favor other stakeholders over shareholders. If companies do not incur these costs, their profits will increase by the amount of these costs, as will the dividends.

Table 1. Comparison between CECs and CSCs

The Criteria for Distinguishing	Corporate Economic Costs	Corporate Social Costs
Impact on Profit	Direct Effect	Indirect Effect

The Criteria for Distinguishing	Corporate Economic Costs	Corporate Social Costs
Direct Beneficiaries of the Spending	Owners or Shareholders	Other Stakeholders
Expected Results from Spending	Profit Maximization	Improving Quality of Life and Well-Being
The Responsibility to which the Expenditure Belongs	Economic Responsibility "Required"	Legal and Ethical Responsibilities " Required, Expected and Desired "
Nature of the obligation to spend	Mandatory	Compulsory and Voluntary
Spending Motives	Responding to the Nature of the Business and Achieving the Required Goal (Maximizing Profit)	Improving the Company's Image, and Enhancing its Reputation and Competitive Advantage
Compensation	Compensated by Direct Economic Gains (Goods and Services)	Not Compensated by Direct Economic Gains

5. Conclusions

This study categorizes Corporate Social Responsibilities (CSRs) into two main types: 1) Primary responsibility (economic responsibility), reflecting the interests of shareholders or owners, and 2) Supporting responsibilities (legal and ethical obligations), which correspond to the defined and undefined expectations of other stakeholders. The study posits that all costs incurred by companies to meet legal and ethical requirements are social costs (CSCs), viewed from an accounting standpoint as expenditures. By examining the nature of these costs and the benefits they provide to stakeholders, the study identifies the distinct characteristics of CSCs. Based on these characteristics, the study formulates both a general and a precise definition of CSCs.

The general definition of CSCs can be articulated in several ways: A) CSCs are costs that firms may incur voluntarily or involuntarily, which do not directly affect the company's economic performance but contribute to the benefits of stakeholders (excluding shareholders) or society at large. B) CSCs refer to costs beyond transactional exchanges between firms and stakeholders (such as purchasing goods, services, and materials) that provide benefits to both the stakeholders (direct benefits) and the firm (indirect benefits). C) CSCs represent the economic sacrifices made by companies to fulfill legal and ethical obligations in response to the codified and uncodified demands of stakeholders. D) CSCs are costs borne by companies that help create value for stakeholders (both material and intangible benefits) and maintain relationships in competitive environments.

The precise definition of CSCs is as follows: CSCs are tangible and intangible sacrifices made by companies, voluntarily or involuntarily, that are measurable from an accounting perspective. These sacrifices reflect companies' responses to the defined and undefined desires of stakeholders, both inside and outside the company, excluding shareholders or owners. Although CSCs are not directly compensated by economic gains, they contribute indirectly to improving a company's economic performance. These costs are linked to altruism and result in the enhancement of well-being and quality of life for beneficiaries, potentially benefiting future generations.

Furthermore, this study outlines a set of criteria to differentiate CSCs from Corporate Environmental Costs (CECs). Given the limited existing literature on this topic, this study contributes to enriching accounting perspectives within the realm of CSR. It offers insights that will enable companies to more accurately disclose their social performance. On an educational level, this research clears up any confusion students may have regarding the concept of CSCs.

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