



## The Role of Social Accounting in Promoting Business Sustainability in the Creative Industry Sector

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### ABSTRACT

This study examines the strategic role of social accounting as an important tool in encouraging business sustainability in the creative industry sector. Using a mixed-method approach that combines quantitative surveys and qualitative case studies, this study systematically examines how social accounting practices affect the performance of the triple bottom line, economic, social, and environmental, in creative companies. Based on established stakeholder theory and legitimacy, this study describes the mechanisms by which social accounting improves transparency, stakeholder engagement, and corporate social responsibility thereby driving sustainable business models. The research findings show that creative industry players who comprehensively integrate social accounting frameworks are able to demonstrate better adaptability to market dynamics, increased reputational capital, and higher community trust, which collectively contribute to long-term business continuity. This research provides empirical evidence that confirms the relevance of social accounting in aligning organizational goals with social expectations, while offering practical insights for policymakers, practitioners

## **INTRODUCTION**

The creative industry is one of the economic sectors that is experiencing rapid growth and plays an important role in global and national economic development. According to data from the United Nations Conference on Trade and Development (UNCTAD, 2023), the contribution of the creative industry sector to the world's Gross Domestic Product (GDP) reaches more than 3% and provides employment for more than 30 million people globally. In Indonesia itself, this sector has become the backbone of the creative economy with an average annual growth of 7.3% (Ministry of Tourism and Creative Economy, 2024). These dynamics drive the need for creative industry players to not only focus on economic growth, but also on business sustainability that includes social and environmental aspects (Stock & Stock, 2024; Riswanto et al., 2023).

Social Accounting is a branch of accounting that focuses on recording, measuring, and reporting the social and environmental impacts of organizational activities other than conventional financial aspects. In contrast to traditional accounting that focuses solely on financial performance, social accounting requires companies to disclose relevant information related to social responsibility, contribution to the community, and the environmental impact generated by business operations (Gray et al., 1996). This approach is based on the premise that organizations have a moral and social obligation to provide transparent and accountable reporting to all stakeholders, not just to shareholders or investors. Thus, social accounting is an important instrument in strengthening public trust and corporate social legitimacy.

## **LITERATURE REVIEW**

In practical terms, social accounting involves the development of indicators and metrics that can measure non-financial aspects such as community welfare, environmental sustainability, and business ethics. This process includes identifying, collecting data, and reporting information that is often qualitative and quantitative, including sustainability reports, CSR reports, and social impact assessments. This approach also integrates a multi-stakeholder perspective, which includes employees, consumers, local communities, governments, and NGOs, thereby expanding the scope of corporate accountability (Deegan, 2002; Rahman & Hussain, 2012). Through social accounting, companies can systematically monitor and improve their social and environmental performance, while aligning their business strategies with sustainable development goals.

From a theoretical point of view, social accounting is rooted in several theories of management and accounting, especially stakeholder theory and legitimacy theory. Stakeholder theory emphasizes the importance of companies to meet the needs and expectations of various groups affected by their business activities (Freeman, 2010). Meanwhile, legitimacy theory explains how companies seek to maintain or increase their social legitimacy through transparent and responsive reporting to applicable social norms (Suchman, 1995). Thus, social accounting is not only a reporting tool, but also a management strategy that supports the survival of the organization through the creation of shared value for businesses and society at large.

In this context, the concept of business sustainability is very relevant. Business sustainability refers to the ability of an organization to carry out business activities in a sustainable manner by paying attention to the balance between economic, social, and environmental aspects, often known as the triple bottom line (Elkington & Rowlands, 1999; Retolaza & San-Jose, 2021). However, the application of these sustainability principles often poses complex challenges, particularly for companies in the creative sector that face pressure for innovation, flexibility, and responsiveness to rapid market changes.

One of the important mechanisms that can support the implementation of business sustainability is social accounting. Social accounting is an accounting approach that not only records financial aspects, but also measures and reports the social and environmental impacts of business activities (Dwiharto et al., 2023). With social accounting, companies can increase their transparency and accountability to various stakeholders, ranging from consumers, local communities, to regulators. In the creative industry sector, social accounting has the potential to strengthen company legitimacy while increasing public trust, which in turn encourages long-term business sustainability (Ukeje et al., 2020). Previous studies have shown a positive correlation between the application of social accounting and improved sustainability performance in manufacturing and service companies (Hermundsdottir & Aspelund, 2022; Lazkano & Beraza, 2019). However, research examining the role of social accounting specifically in the creative industry sector is still limited, even though the characteristics of this industry that prioritize creativity and innovation demand a different and more adaptive approach to sustainability. Therefore, this study aims to fill this gap by empirically examining how social accounting practices contribute to driving business sustainability in the creative industry sector, through the lens of stakeholder theory and legitimacy theory.

Through a mixed-methods approach that combines quantitative surveys and qualitative case studies, this study seeks to provide a comprehensive overview of the impact of social accounting on the economic, social, and environmental performance of creative companies. The results of the research are expected to be a strategic reference for industry players, policymakers, and academics in developing business models that are not only financially profitable, but also socially and environmentally responsible. Thus, this research makes a significant contribution to the development of sustainability theory and practice in the context of an increasingly complex and dynamic creative economy.

## **METHODOLOGY**

This study uses a mixed-methods approach with a sequential explanatory design to gain a comprehensive understanding of the role of social accounting in encouraging business sustainability in the creative industry sector. This approach combines quantitative and qualitative analysis in stages, where quantitative results are used as the basis for more in-depth qualitative exploration (Creswell & Clark, 2017; Bowen et al., 2017). This strategy was chosen in order to capture an overview of social accounting practices while understanding the context, dynamics, and perceptions of industry players in more detail (Wipulanusat et al., 2020).

Quantitative data was collected through a survey distributed to 150 business actors in the creative industry sector in urban areas of Indonesia, including the fields of graphic design, handicrafts, and multimedia. The survey instrument consists of a structured questionnaire that measures the level of implementation of social accounting, business sustainability indicators (triple bottom line), and stakeholder engagement and satisfaction. Quantitative data were analyzed using descriptive and inferential statistical methods, including regression analysis to test the relationship between social accounting practices and sustainability performance.

Furthermore, qualitative data was obtained through an in-depth case study on three creative companies selected based on the results of the survey with the highest social accounting implementation score. Qualitative data collection techniques include semi-structured interviews with managers and related stakeholders, participatory observation, as well as analysis of company documents such as sustainability reports and CSR reports. Qualitative data analysis is carried out thematically to identify patterns, strategies, and challenges in the implementation of social accounting that contribute to business sustainability. This combination of quantitative and qualitative results provides a holistic and valid understanding of the phenomenon being studied.

## **RESULT**

### **Quantitative Survey Results**

Quantitative data analysis obtained from 150 respondents of business actors in the creative industry sector showed that the level of implementation of social accounting practices was in the moderate to high category, with an average score of 3.85 on a 5-point Likert scale. These findings indicate that the majority of creative entrepreneurs have begun to integrate social and environmental aspects in their business reporting and management activities. The most dominant social accounting practices include transparent reporting of social and environmental impacts, including negative impact mitigation efforts and the development of structured corporate social responsibility programs. In addition, active engagement with a variety of external stakeholders, such as local communities, customers, and government agencies, is an important part of sustainability-oriented reporting and decision-making processes.

The regression analysis conducted corroborates these findings by showing a significant positive relationship between the level of social accounting implementation and overall business sustainability performance, which is measured through triple bottom line indicators, namely economic, social, and environmental aspects. The regression coefficient of  $\beta = 0.62$  with a significance value of  $p < 0.01$  indicates that the improvement in the implementation of social accounting directly contributes to the improvement of the company's sustainability performance. This strengthens the argument that social accounting is not just a formal reporting tool, but a strategic instrument that is able to increase the effectiveness of internal and external resource management. By adopting social accounting consistently, creative companies can identify social and environmental risks early, optimize the efficient use of resources, and respond to stakeholder expectations in a timely manner.

Table 1. Regression Analysis Results of the Relationship between Social Accounting Implementation and Business Sustainability Performance

Variabel	Mean	Std. Dev.	Standardized Coefficient ( $\beta$ )	p-value
The Implementation of Social Accounting	3.85	0.57	-	-
Economic Performance	3.78	0.62	0.61	< 0.01
Social Performance	3.89	0.59	0.65	< 0.01
Environmental Performance	3.81	0.63	0.60	< 0.01
Sustainability Performance (Triple Bottom Line)	3.83	0.61	0.62	< 0.01

In addition, these results also show that companies that run social accounting well are able to maintain and improve their business reputation in the eyes of the public and the market. A strong reputation is an important asset for the long-term sustainability of a company, especially in the creative industry that relies heavily on the trust and loyalty of consumers and communities. Transparency in social and environmental reporting fosters positive perceptions and social legitimacy that can open up new business opportunities, including strategic partnerships and access to broader markets. Therefore, social accounting not only serves as a non-financial performance measure, but also as a key pillar in a comprehensive sustainability strategy that is adaptive to the complex dynamics of the creative industry (Nurindrasari et al., 2024).

### **Qualitative Case Study Findings**

The results of in-depth interviews and participatory observations revealed that the implementation of social accounting in the creative industry sector not only serves as a formal reporting tool, but also as an essential strategic mechanism to strengthen relationships with various stakeholders. Comprehensive sustainability reporting practices not only present quantitative data related to economic, social, and environmental impacts, but also convey a transparent narrative of continuous improvement efforts and innovation. The sustainability report acts as an effective communication medium to increase trust and credibility in the eyes of investors, customers, and the local community, thereby building continued loyalty and support (Bellucci et al., 2019).

In addition, active involvement in structured corporate social responsibility (CSR) programs is a key pillar in building a positive corporate image. These programs are not solely philanthropic, but are directed to create synergy between business goals and the social needs and environment around the company. Through collaboration with local communities, non-governmental organizations, and other stakeholders, creative companies have succeeded in developing environmentally friendly product innovations while providing economic added value. Thus, social accounting serves as a strategic link that aligns business goals with social sustainability, enabling the creation of shared value and strengthening the competitiveness of companies in a market that is increasingly concerned about sustainability issues (de Oliveira et al., 2025).

However, thematic analysis also identifies significant challenges in the application of social accounting in the sector. The limitation of human resources who master social reporting concepts and techniques is still a major obstacle, especially for small and medium-sized companies that have limited organizational structures. In addition, the lack of adequate information technology support in social and environmental data management slows down the effectiveness of reporting. However, companies that successfully overcome these obstacles through internal capacity building, specialized training, and collaboration with external parties show a real competitive advantage. These advantages are reflected in their ability to adapt to market and regulatory changes, as well as in increased stakeholder loyalty and satisfaction, all of which contribute significantly to the long-term sustainability of the business.

## DISCUSSION

The results of this study empirically provide significant reinforcement of the two main theories that are the conceptual foundation in the study of social accounting, namely stakeholder theory and legitimacy theory, especially in the context of the creative industry sector. Stakeholder theory asserts that a company cannot operate effectively without paying attention to and accommodating the interests of the various groups involved or affected by its business activities, including customers, employees, local communities, governments, as well as non-governmental institutions (Fox, 2015). In a dynamic creative sector that relies heavily on reputation and consumer trust, the ability to align a company's economic goals with social and environmental needs is crucial. The implementation of social accounting allows companies to systematically identify, measure, and report on their business impact in a transparent and accountable manner, thereby improving the quality of interaction and trust between companies and stakeholders.

In addition, legitimacy theory explains how companies seek to obtain and maintain a "social license to operate" through reporting that is responsive to the norms, values, and expectations of society at large. This research shows that companies in the creative industry that consistently integrate social accounting practices are able to strengthen their social legitimacy in the eyes of the public, which is an important capital in maintaining long-term operational sustainability. A transparent reporting process is not only a communication tool, but also reflects the company's commitment to social and environmental responsibility that continues to evolve in accordance with the demands of the times and social dynamics. Thus, the integration of social accounting into business strategy does not simply fulfill normative obligations, but rather becomes a proactive strategy that facilitates organizational adaptation to changing social and regulatory expectations.

Furthermore, the research findings confirm the central role of social accounting as a catalyst in driving true and sustainable business sustainability. Through the integration of the triple bottom line principle, which emphasizes a balance between economic, social, and environmental performance, creative industries are able to manage their business impact holistically without sacrificing profitability goals. This approach allows companies to not only focus on achieving short-term financial results, but also consider sustainable social and environmental impacts as part of their business strategy. Thus, social accounting helps create shared value that goes beyond financial benefits alone, making a real contribution to the development of an inclusive, equitable, and environmentally friendly creative economy. This is in line with the global sustainable development agenda that encourages companies to become responsible and innovative agents of social change (Retolaza et al., 2016).

Overall, this study provides strong empirical evidence that social accounting is a vital instrument in building a sustainable business framework in the creative industries. Through systematic and strategic social reporting, companies can strengthen relationships with stakeholders, maintain social legitimacy, and optimize triple bottom line performance simultaneously. Therefore, the development and implementation of social accounting practices needs to be a top priority for creative industry players, policymakers, and academics who are committed to strengthening a sustainable and responsible creative economy in the future.

## **CONCLUSION AND RECOMMENDATION**

This research confirms that social accounting has a very strategic role in encouraging business sustainability in the creative industry sector. Through the implementation of comprehensive social accounting practices, the company is able to integrate economic, social, and environmental aspects in a balanced manner according to the triple bottom line principle. This not only strengthens the company's transparency and accountability to stakeholders, but also increases social legitimacy which is an important capital in maintaining operational continuity and business competitiveness.

The research findings show that creative companies that consistently adopt social accounting are able to manage social and environmental impacts more effectively without sacrificing economic goals. In addition, social accounting also serves as a strategic mechanism that strengthens relationships with various stakeholders through open and participatory communication. Thus, social accounting is not only a reporting tool, but also a catalyst in the creation of shared value that supports the development of an inclusive, sustainable, and responsible creative economy.

Despite various challenges in implementation, such as limited human resources and information technology, companies that successfully overcome these obstacles demonstrate a competitive advantage in the form of high adaptability and increased stakeholder loyalty. Therefore, it is recommended that creative industry players, policymakers, and academics jointly encourage capacity development, the provision of supporting technology, and regulations that support the optimal implementation of social accounting. With this step, business sustainability in the creative industry sector can be realized in a real and sustainable way.

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