1993

Social Accounting Analysis: Can We Borrow and Improve?

Joel Snell
Saul McKies
R. Gary Dean
Lawrence Lewis
University of Portland, lewis@up.edu

Follow this and additional works at: http://pilotscholars.up.edu/bus_facpubs
Part of the Accounting Commons, and the Social and Behavioral Sciences Commons

Citation: Pilot Scholars Version (Modified MLA Style)
Snell, Joel; McKies, Saul; Dean, R. Gary; and Lewis, Lawrence, "Social Accounting Analysis: Can We Borrow and Improve?" (1993).
Business Faculty Publications and Presentations. 11.
http://pilotscholars.up.edu/bus_facpubs/11

This Article is brought to you for free and open access by the Pamplin School of Business at Pilot Scholars. It has been accepted for inclusion in Business Faculty Publications and Presentations by an authorized administrator of Pilot Scholars. For more information, please contact library@up.edu.
of the major benefits of an accounting system is to provide information upon which progress toward the attainment of goals can be measured and evaluated, accounting measurement of not-for-profits should also strive to achieve this same objective. To achieve this, an accounting system must perform two major functions. First, it must provide indicators necessary to measure the efficiency of management. Second, it must provide information to enable the public to appraise the attainment of the goals by reporting on the results of operations and use of funds. These two functions can be performed by the accounting system.

SOCIAL ACCOUNTING ANALYSIS: Can We Borrow and Improve? A Compendium of Social Indicators

Joel Snell and Saul Mekies
Kirkwood College
Cedar Rapids, Iowa 52406-2068

R. Gary Dean
Creighton University
Omaha, Nebraska 68178-0130

Lawrence Lewis
Gonzaga University
Spokane, Washington 99258-0001

This article develops the ideological position that measurable outcomes of not for profit organizations can be assessed. The article also reviews numerous measures that have been articulated in the last 20 years.

INTRODUCTION

A number of different accounting systems can be designed to provide analysis of educational units and other not-for-profit entities. Intrinsically to the alternative systems is analysis of the nature and structure of the activities and informational needs of the organization. Implicit is the need for a conceptual framework within which accounting systems can be developed and evaluated. In this article, the authors will suggest that social indicators might be used by accountants to provide a measurement basis for satisfying some of these informational needs. For example, since much of the efficiency of a public program depends upon the degree of accountability to which it is held and the efficiency with which it conducts its activities, properly designed accounting systems ought to be of significant assistance in helping to fulfill the goal of efficiency for these not-for-profit systems.

ACCOUNTABILITY

Four aspects of accountability are germane to our purpose at hand. These are 1) accountability for financial resources; 2) adherence to legal requirements and administrative policies; 3) economy in operations and 4) the results of public sector activities as reflected in accomplishment, benefits and effectiveness. It is points 3 and 4 which we address.

GOALS AND OBJECTIVES

The goals of these organizations are based primarily upon satisfying societal needs as articulated through the political process, rather than upon some pecuniary return. Since one
tution is difficult. The difficulty exists because direct social benefits are elusive. It is both practically and conceptually impossible to arrive at a "net" figure which represents the efficiency of the performance or economy of operation of not-for-profit organizations and programs.

This should not deter us from seeking to measure and compare what we can, nor limit us to accounting techniques historically used in the business sector. Industrial social scientists have given us a number of measurement techniques, some of which probably have relevance to not-for-profit institutions. A number of these are described in the Appendix.

Let us look for example at pairing analysis (Dean, Snell, 1980). Can we not find two state operated colleges, for example with numerous similar characteristics and compare cost effectiveness via common output measurements? If a goal is placement of x percent of the graduates in positions compatible with their academic training within one year of graduation, cannot the accounting community accommodate the collection of data and thus the comparison? Can not the average cost to the state per graduate placed be calculated for each? These statistics are (or should be) available.

With the various available formats for presenting information, it also seems likely that uniform presentations can be developed, providing (as is done for publicly-owned profit-making firms) footnotes to explain differences and provide rationale. Let us not allow difficulty to impede the flow of information a constituency deserves to have.

Our proposal is simply that accountants have an obligation to extend themselves beyond conventional methods, tapping disciplines other than accounting, statistics and economics when measuring and reporting for not-for-profit institutions. There are no constraints of "generally accepted accounting principles" here, only a need to provide information in people-understandable form . . . something accountants have been doing for years.

BIBLIOGRAPHY


APPENDIX

CURRENT SOCIAL INDICATORS

1. Retention Analysis: This approach first statistically analyzes training and counseling and their effectiveness on retention. This information is then held constant and "exogenous" variables such as environmental, company and job characteristics are regressed on retention. The beta weight that best explains the relationship should tell the researcher the social effectiveness of the program(s). A step-wise Forward Solution Multiple Regression measure was used. Dr. Paul Salipanti, Jr., Department of Organizational Behavior, School of Management, Case Reserve, Cleveland, OH.

2. Universe of Need Analysis: A computer-oriented linear programming model of optimal placement in manpower programs. The purpose of the model is to provide an application of economic theory which will aid local planners in determining the best placement of different population group members into the available manpower programs. Before the model can be utilized however, the planner must possess the following information:

   (1) A "Universe of Need" of mutually exclusive population groups;
   (2) A priority weighting scheme for allocating emphasis to different population groups;
   (3) The types of measurable benefits which result from the operation of remedial manpower programs;
   (4) The trade-offs the planner is willing to make among the different types of benefits;
   (5) The per client amount of each benefit which results from placing clients in each manpower program;
   (6) A list of acceptable combinations of manpower programs and population groups;
   (7) The average variable cost and fixed cost associated with each manpower program and
   (8) The prime sponsor's available budget for client expenditures.


3. Long Run Linear Y Analysis: A multiple regression analysis of a special sort is used. The first step was to estimate the effect of a long run postprogram success. This is done by regressing a long run variable Y (such as earnings for some year following program participation) on sets of independent variables thought to affect long run success. Michael E. Borus.

4. Long Term Monitoring: An ongoing panel evaluation is proposed by this group. Each participant chosen by the study is interviewed periodically to evaluate the effectiveness of the program. Programs from other sites are compared with the original site. Statistical tests are not discussed. Ilene Bernstein, Validity Issues in Evaluation Research, Sage Publications, Beverly Hills, CA, 1973.

5. Program Evaluation: Strategy is based on program evaluation. This is to mean examination of the annual program to provide value judgments on the effectiveness. Systematic analysis of program area literature is necessary. Eleanor Bennett and Marvin Weisner. Program Evaluation: A Resource Handbook for Vocational Rehabilitation, Research Utilization Laboratory, NY, NY, 1974.


8. Integrated Audit Guide: The guide includes 4 sections which add up to 100%. First position (15%) is the firm's experience and qualifications, second is the individual staff experience (35%), third is the understand-
tution is difficult. The difficulty exists because direct social benefits are elusive. It is both practically and conceptually impossible to arrive at a "net" figure which represents the efficiency of the performance or economy of operation of not-for-profit organizations and programs.

This should not deter us from seeking to measure and compare what we can, nor limit us to accounting techniques historically used in the business sector. Industrial social scientists have given us a number of measurement techniques, some of which probably have relevance to not-for-profit institutions. A number of these are described in the Appendix.

Let us look for example at pairing analysis (Dean, Snell, 1980). Can we not find two state operated colleges, for example with numerous similar characteristics and compare cost effectiveness via common output measurements? If a goal is placement of x percent of the graduates in positions compatible with their academic training within one year of graduation, cannot the accounting community accommodate the collection of data and thus the comparison? Cannot the average cost to the state per graduate placed be calculated for each? These statistics are (or should be) available.

With the various available formats for presenting information, it also seems likely that uniform presentations can be developed, providing (as is done for publicly-owned profit-making firms) footnotes to explain differences and provide rationale. Let us not allow difficulty to impede the flow of information a constituency deserves to have.

Our proposal is simply that accountants have an obligation to extend themselves beyond conventional methods, tapping disciplines other than accounting, statistics and economics when measuring and reporting for not-for-profit institutions. There are no constraints of "generally accepted accounting principles" here, only a need to provide information in people-understandable form ... something accountants have been doing for years.

BIBLIOGRAPHY


APPENDIX

CURRENT SOCIAL INDICATORS

1. Retention Analysis: This approach first statistically analyzes training and counseling and their effectiveness on retention. This information is then held constant and "exogenous" variables such as environmental, company and job characteristics are regressed on retention. The beta weight that best explains the relationship should tell the researcher the social effectiveness of the program(s). A step-wise Forward Solution Multiple Regression measure was used. Dr. Paul Salipanti, Jr., Department of Organizational Behavior, School of Management, Case Reserve, Cleveland, OH.

2. Universe of Need Analysis: A computer-oriented linear programming model of optimal placement in manpower programs. The purpose of the model is to provide an application of economic theory which will aid local planners in determining the best placement of different population group members into the available manpower programs. Before the model can be utilized however, the planner must possess the following information:

(a) "A 'Universe of Need' of mutually exclusive population groups;"
(b) A priority weighting scheme for allocating emphasis to different population groups;
(c) The types of measurable benefits which result from the operation of remedial manpower programs;
(d) The trade-offs the planner is willing to make among the different types of benefits;
(e) The per client amount of each benefit which results from placing clients in each manpower program;
(f) A list of acceptable combinations of manpower programs and population groups;
(g) The average variable cost and fixed cost associated with each manpower program and
(h) The prime sponsor's available budget for client expenditures.


3. Long Run Linear Y Analysis: A multiple regression analysis of a special sort is used. The first step was to estimate the effect of a long run postprogram success. This is done by regressing a long run variable Y (such as earnings for some year following program participation) on sets of independent variables thought to affect long run success. Michael E. Borus.

Social Accounting Analysis 61


4. Long Term Monitoring: An ongoing panel evaluation is proposed by this group. Each participant chosen by the study is interviewed periodically to evaluate the effectiveness of the program. Programs from other sites are compared with the original site. Statistical tests are not discussed. Iline Bernstein, Validity Issues in Evaluation Research, Sage Publications, Beverly Hills, CA, 1975.

5. Program Evaluation: Strategy is based on program evaluation. This is to mean examination of the annual program to provide value judgments on the effectiveness. Systematic analysis of program area literature is necessary. Eleanor Bennett and Marvin Weisner. Program Evaluation: A Resource Handbook for Vocational Rehabilitation, Research Utilization Laboratory, NY, NY, 1974.


8. Integrated Audit Guide: The guide includes 4 sections which add up to 100%. First position (15%) is the firm's experience and qualifications, second is the individual staff experience (35%), third is the understand-
ing of work (35%) and fourth (15%) technical approach and project management. The authors give a rationale. Robert H. Werner and Lennard I. Greenburg, "Audits of CETA Programs," The CPA Journal, April, 1978, pp. 13-18.

9. Audit Guide: This guide helps the individual analyze a) audit objectives, b) federal regulations, c) compliance questionnaires, d) audit procedures. Special reference is given to measuring eligibility of public program participants, number of special target groups and that participants records are kept. Robert H. Werner and Lennard I. Greenburg, "Auditing and Reporting for CETA Programs," Journal of the CPA, June, 1978, 37-42.

10. EIGTO Evaluation: A descriptive analysis is used on these independent variables: Environment, Input, Group, Task, and Outcome. The article gives greater detail on each area. Within, comparisons are made. A.M. Dejeane is, "An Economic Examination of the Comprehensive Employment and Training Act (CETA) in Selected Counties in Northwest Arkansas." Dissertation Abstracts, University of Arkansas, 1978, 3703-A.

11. Pairing Analysis: One community is compared with another of like background. Every social and economic indicator is used to measure the two. The difference between the communities is that one has an intrusion or addition of a major public or private project or enterprise. Test of significance is dependent upon the quality of data that is used. R. Gary Dean and Joel C. Snell, "Paired Community Analysis Impact of Dam Site Analysis." Psychology, 17(2), 1980.

12. Social Maps: A program is analyzed with a consortium of other programs in terms of the impact on the overall demographics of local society. Changes are noted by ordinal rank test of significance. This is good for supportive or secondary analysis. It is to be considered an institutional measure. Joel C. Snell, William O. Wakefield, Richard Holquist. "Social Maps," Psychology 16(3), 1978.

13. Demographic Analysis: A program is analyzed only in terms of social historical context as portrayed in figures on media advertisements. In other words, does this public program contribute to the changes in advertisements in how lower income groups, minorities and others are viewed by the general population. This measure should be thought of as a secondary one. Joel C. Snell, R. Gary Dean, Gerald Wallace, "Demographic Advertising Analysis and Marginal Status: A Preliminary Study," Psychology, 18(4), Winter, 1981, pp. 26-29.

14. Inter-Program Analysis: If the major program is deemed successful, how do such programs compare in and among themselves? Are some programs decidedly less effective than others when the two are compared? Should funding continue in those areas? Lynda West, "Economic and Non-economic Benefits of On The Job Training and Skills Training for Clients Supported Through The Comprehensive Employment and Training Act." Dissertation Abstracts, 40(9), March, 1980, University of Missouri, 8007203.

15. Comparison Design: A number of criteria are used by the noneconomic measure is between one group who have received programmatic treatment and another with all the same social, and economic characteristics and has applied for a program. However, some now relevant variables have delayed or diminished from entrance to the program. How did the two groups compare? Michael E. Borus, Measuring the Impact of Employment-Related Social Programs. Upjohn Institute, April, 1979, pp. 16-40.


9. Audit Guide: This guide helps the individual analyze: a) audit objectives, b) federal regulations, c) compliance questionnaires, d) audit procedures. Special reference is given to measuring eligibility of public program participants, number of special target groups and that participants records are kept. Robert H. Werner and Lennard L. Greenburg. "Auditing and Reporting for CETA Programs," Journal of the CPA, June, 1978, 37-42.

10. EIGTO Evaluation: A descriptive analysis is used on these independent variables: Environment, Input, Group, Task, and Outcome. The article gives greater detail on each area. Within, comparisons are made. A.M. Dejeane, "An Economic Examination of the Comprehensive Employment and Training Act (CETA) in Selected Counties in Northwest Arkansas." Dissertation Abstracts, University of Arkansas, 1978, 3703-A.

11. Pairing Analysis: One community is compared with another of like background. Every social and economic indicator is used to measure the two. The difference between the communities is that one has an intrusion or addition of a major public or private project or enterprise. Test of significance is dependent upon the quality of data that is used. R. Cary Dean and Joel C. Snell. "Paired Community Analysis Impact of Dam Site Analysis." Psychology, 17(2), 1980.

12. Social Maps: A program is analyzed with a consortium of other programs in terms of the impact on the overall demographics of local society. Changes are noted by ordinal rank test of significance. This is good for supportive or secondary analysis. It is to be considered an institutional measure. Joel C. Snell, William O. Wakefield, Richard Holquist. "Social Maps," Psychology 16(3), 1978.

13. Demographic Analysis: A program is analyzed only in terms of social historical context as portrayed in figures on media advertisements. In other words, does this public program contribute to the changes in advertising in how lower income groups, minorities and others are viewed by the general population. This measure should be thought of as a secondary one. Joel C. Snell, R. Gary Dean, Gerald Wallace. "Demographic Advertising Analysis and Marginal Status: A Preliminary Study." Psychology, 18(4), Winter, 1981, pp. 26-29.

14. Inter-Program Analysis: If the major program is deemed successful, how do such programs compare in and among themselves? Are some programs decidedly less effective than others when the two are compared? Should funding continue in those areas? Lynda West, "Economic and Non-economic Benefits of On The Job Training and Skills Training for Clients Supported Through The Comprehensive Employment and Training Act." Dissertation Abstracts, 40(9), March, 1980, University of Missouri, 8007203.

15. Comparison Design: A number of criteria are used by the noneconomic measure is between one group who have received programmatic treatment and another with all the same social, and economic characteristics and has applied for a program. However, some now relevant variables have delayed or diminished from entrance to the program. How did the two groups compare? Michael E. Borus, "Measuring the Impact of Employment-Related Social Programs." Upjohn Institute, April, 1979, pp. 16-40.


18. Density Distance Analysis: This is used for transportation analysis and drawn randomly for a soil analysis. This land is measured in two ways. The first is industrial, farm and commercial and the second is recreational. After cost of the plat is determined, a standard cost-benefit is run. Joel C. Snell and Donald Kisicki. "Annex E-Recreation Review on Missouri River and Tributaries." U.S. Army Corps of Engineers, June, 1975.