

## ACCOUNTING: The History of a Science, Its Challenges and Prospects

### THAINÁ CARVALHO DO NASCIMENTO MOURA

*Undergraduate student of Accounting Science*  
STATE UNIVERSITY of SANTA CRUZ  
Rua C n° 234, Parque Verde, Itabuna – Bahia – Brazil CEP: 45604-884  
E-mail: [thainacnmoura@gmail.com](mailto:thainacnmoura@gmail.com)

### Prof. Msc. LINO ARNULFO VIEIRA CINTRA

DEPARTMENT of ADMINISTRATION and ACCOUNTING SCIENCES  
STATE UNIVERSITY of SANTA CRUZ  
Campus Soane Nazaré de Andrade, Rodovia Jorge Amado, Km 16, Bairro Salobrinho  
CEP 45662-900. Ilhéus – Bahia – Brazil  
E-mail: [Cintra@uesc.br](mailto:Cintra@uesc.br)

### Prof. Dra. KATIANNY GOMES SANTANA ESTIVAL

DEPARTMENT of ADMINISTRATION and ACCOUNTING SCIENCES  
STATE UNIVERSITY of SANTA CRUZ  
Campus Soane Nazaré de Andrade, Rodovia Jorge Amado, Km 16, Bairro Salobrinho  
CEP 45662-900. Ilhéus – Bahia – Brazil  
E-mail: [ksgestival@uesc.br](mailto:ksgestival@uesc.br)

### Prof. Dra. SOLANGE RODRIGEUS DOS SANTOS CORRÊA

DEPARTMENT of ADMINISTRATION and ACCOUNTING SCIENCES  
STATE UNIVERSITY of SANTA CRUZ  
Campus Soane Nazaré de Andrade, Rodovia Jorge Amado, Km 16, Bairro Salobrinho  
CEP 45662-900. Ilhéus – Bahia – Brazil  
E-mail: [srscorrea@uesc.br](mailto:srscorrea@uesc.br)

## ABSTRACT

*This work presents the history of Accounting as a science, showing which are the directions required to meet the needs of its modifying agent: the human being. Given the current problems faced by society, it is necessary to know how the accounting science can help find solutions, by analyzing its history and seeing how it interacts with the assets of entities, either legal or individual entities. The research method was literature review, of the qualitative type, with the use of academic articles, books, and journals. During the study, one realizes that accounting needs to evolve to meet the needs created by human actions that change its subject: the assets. In addition, this work presents the means created by this science to demonstrate the social consequences that the entity's activities generate for the community in which it operates, informing users that this organization brings benefits for social welfare.*

**Keywords:** Social Accounting. Accounting History. Social Accounting Statement. AVS. Social Report.

## 1. INTRODUCTION

The accounting science is formed by human actions. It is from the human evolution that accounting finds its starting point as it needs to meet the needs created with the historical facts. According to Sá (2002, p. 21), “To understand accounting, since it is an important branch of human knowledge, it is necessary to seek its remote origins”.

Therefore, knowing Accounting in its evolutionary process is to know man and his evolution. The accounting concept comes into existence, in a primitive way, at the time when man begins to be aware of his possessions and how to control it.

These concepts changed and evolved in time according to the needs of each sociohistorical moment, experiencing stagnation, as in the medieval period, and then being especially highlighted in the Enlightenment. Accounting

acquires aspects of science only in the eighteenth century, when it passes from the empirical stage to a superior rational stage. From the understanding that accounting is a science, and should be treated as such, its schools and thinkers begin to emerge.

Centuries later, the theories of the Italian School are replaced by the practicality of the American School, because with the heating in economy, a special characteristic was highlighted, the results in comparison with the means. New areas develop, such as auditing and costs accounting. And, nowadays, it is observed that with globalization, Accounting will have to fit by harmonizing its standards and practices so that companies can negotiate with the world.

Thus, Accounting is not a static science, and there is not only one answer, it changes over time. It is mutating just as man is mutating. And that is why society should be integrated as part of the study of Accounting, after all, its object are the assets, which are shaped by man.

## 2. STUDY PRESENTATION

Accounting is characterized as a social science, therefore it influences and suffers influences from the environment in which it operates. Faced with demands, as in the 1929 crisis, accounting is required to give answers that best suit the users of the information, in order to prevent firms from ending their activities precociously and without reasons that justify such procedures.

The demands, concerning this science, are numerous, and its existence is of great relevance to society. It is debated to what extent the accounting science is prepared to respond to the social demands such as: poverty, hunger (food safety), and other problems that affect the lives of most of the population.

The aim of this paper is to show the history of accounting as a science since antiquity, its historical changes, and its economic and administrative challenges impacting social transformations.

The interest of this work is to show the relevance of accounting as a science that exists since 20,000 years B.C. and its behavior, helping the multiple fields of knowledge in their scientific, philosophical, and theological aspects. It is also important to demonstrate how accounting information are instrumental for changes in economic and administrative problems of the current society, as claimed by Lopes and Martins (2005, p. 18), quoted by Starke Jr. et al. (2006, p. 12): “Research in accounting cannot be considered independently of the social environment in which it is inserted; the research itself is a product of the social environment”.

## 3. THE EVOLUTION OF ACCOUNTING

The history of accounting is as old as the history of humanity, it being dependent on human actions for its development. Sá (2002, p. 21) says: “Only the origins of thoughts can give us a better idea of how to justify the present facts”.

It is noteworthy that Accounting comes into being concurrently with the idea of knowing how to count, even before knowing how to write, because of the concept demonstrated by man of controlling the possessions, the food, and the livestock – animals. That was the need that gave rise to accounting concepts, since, from the beginning, the objective of Accounting is to follow the assets and their mutations.

In order to be an established science today, Accounting followed a trajectory that began approximately 20,000 years B.C., according to reports from Hoss, Casagrande, Vesco and Mitzner (2012), when the first accounting records were found, advocating that the great landmarks of Accounting are divided in the following historical periods: Empiricism, Renaissance, Rationalism, and Contingencialism. Thus, there is explicit evidence of how the evolution of Accounting occurred in relation to the periods of history.

### 3.1. Empiricism

This phase shows how and why Accounting came to be, considering the similarity to what occurred with most of the sciences, registering empirical births. According to Iudícibus and Marion (1999), it all started when man questioned if his livestock increased or decreased in winter periods. That simple question shows the concern, since the beginning of the emergence of man in prehistoric times, in relation to controlling and understanding what one had in order to preserve such possessions.

The human being sought means – there were no numbers and no writing – to register the possessions and control them. According to Sá (2002), man acquires the habit of, primitively, registering their wealth on the walls of caves, using tools they had already built.

Time passed and man gradually discovered his abilities. In agriculture, man enhanced his method to control and account the assets. It is also noteworthy that the Persian Empire had inspectors called *satrap* whose function was the collection of taxes. In Greece, there were well-developed records of the sale of wine *amphorae*, and both the Greeks and the Romans already accounted the income and expenses.

In Ancient Egypt, the scribes were those that dealt with the numbers and handled Egyptian script and, therefore, had an important role in society. Hendriksen and Van Breda (1999, p. 42) report:

Egyptian farmers on the banks of the Nile paid the collectors of taxes with cereals and linseed for the use of water for irrigation. Receipts were given to farmers by drawing pictures of cereal containers on the walls of their homes.

At this time, Accounting attained its own form and concepts, but could not yet be regarded as a science, since everything was conducted in a very primitive manner.

### 3.2. Renaissance

It is during the Renaissance that Accounting begins to develop as a science, driven by the technological changes that occurred in this period, with a highlighted beginning in India and, thereafter, being complemented in many countries of the European continent, having Italy as the cradle of Modern Accounting. It was during this golden age for the accounting science that the double-entry bookkeeping method was observed.

This method was consolidated by Friar Luca Pacioli in 1494, which, according to Hendriksen and Van Breda (1999, p. 39), “was the first published material that described the double-entry system, and presented the reasoning on which the accounting entries were based”. Iudicibus and Marion (1999, p. 34) describe that “Pacioli’s work may well be seen as the beginning of the scientific thought of Accounting”.

In this period, the great voyages known as the Age of Discovery also occurred, which were of great importance for accounting, since these great expeditions led to joint-stock companies, consisting of:

Individuals who gathered to finance a project, each receiving participation rights proportional to their investments. At the end of the project, investors were reimbursed according to the total results (Hendriksen and Van Breda, 1999, p. 43).

The most important was the East India Company, formed in 1600 in England.

With the great voyages and the expansion of the New World, the joint-stock companies became popular as a way of investment. These companies required a complex accounting, because often, at the end of the trip, there was not enough money to deliver to investors and, thus, the payment was made with new investments in future trips (Hendriksen and Van Breda, 1999).

Another important moment for Accounting was the Industrial Revolution, which began in the eighteenth century, with the mechanization of production systems, replacing craftsmanship. It emerged in Europe, consolidating in England due to its large coal reserves, coal being the main source of power of the machines used at that time. The British also held iron ore reserves, a raw material widely used in the period.

Manufacturing developed to meet the demand, since population growth was considerable at the time, and consequently the basic needs, in similar proportions, could only be met if the production of means of subsistence also grew on a large scale.

With the increase in production, the large companies needed capital, and thus the banks emerged as fosterers of production. Consequently, trade also grew driven by the ideas of the philosopher and economist Adam Smith, who advocated freer trade, demonstrating that the wealth of the nations resulted from the actions of the individual on his own interest, promoting economic growth and technological innovation.

Through the Industrial Revolution, accounting schools began to emerge. The first School of Accounting Thought came to be known as Accountist (XVIII) which advocated the mechanism of accounts and its operation and, later, the Personalist School (XIX) aimed the personal relationships between debtors and creditors. The Controlist School (1880) devised the control of the administrative wealth, distinguishing the direction and the control managements (Martins, 2001).

With the expansion of factories, the importance of depreciation was evident and accounting widened, new areas emerging, especially that of costs. According to Hendriksen and Van Breda (1999), a costs accounting system

was necessary for the factory system, since, increasingly, management information on the assessment of stocks and production costs were necessary.

Financial information for the shareholders, investors, creditors, and the government itself were also necessary. This management information addressed content on profit and return of capital to owners.

The Renaissance was a revolutionary period, both for society and for accounting, since both made significant advances. Many changes occurred in the accounting system, and the double-entry bookkeeping was developed to meet the needs of large industrial corporations.

### 3.3. *Rationalism*

The turning point for Accounting takes place. It is starting from this period that the main changes characterizing this science occur, as the fall of the European School (mainly Italian), the creation of organizations for regulation of accounting information, and the crisis of the New York Stock Exchange in 1929.

Iudícibus and Marion (1999, p. 35) comment that:

With the economic rise of the American colossus, the accounting world turns its attention to the United States, especially from 1920 on, giving rise to what some call the American Accounting School.

After World War I, with all Europe devastated, the United States became the main world power. Much of its territory suffered no problems from the battles overseas. The advancement of technology can be mirrored by the rise of the American empire. With the creation of large corporations, the capital market developed, providing accounting with new theories and procedures to be followed in the bookkeeping of the acts and facts of production, of the trade, and of the “strict-sense” consumer.

This is when the regulation of accounting originates. In 1910, a committee of the American Association of Public Accountants is constituted with the intention of defining accounting technical terms to standardize their meaning. The IBRACON states that American schools were able to achieve prominence with their theories and practices, which were favored by the economic structure of the country, by the integration between academics and teachers, and by the serious work of the association bodies, including the aforementioned IBRACON.

The areas that developed were “Cost Accounting, controlling, analysis of financial statements, financial management, budget control, among others” (IBRACON, 2008, p. 35). The Neoaccountist School (1914) evidenced the assets as the object of accounting, therefore being an Economic Control Science, and there was also the Patrimonialist School (1926), according to which the property was seen as a real magnitude, which is transformed through the economic activities (Martins, 2001).

However, it is the 1929 crisis that marks all this phase. In prior historical periods, there was prosperity, and consumption was the “watchword”, as described by Hendriksen and Van Breda (1999, p. 57):

The decade leading up to 1929 was a very good period – apparently too good in retrospect. The end of the Great War in 1919 released a pent-up demand for consumer goods, industrial facilities, and equipment, which fueled an investment explosion. The rapid expansion of new industries, such as those of radios, telephones, motion pictures and, above all, cars, further intensified this explosion.

The scenario began to change after September 29, when the first falls on the stock exchange were perceived, but the great loss happened on that fateful day October 24, 1929, known as Black Thursday, when the stock market broke in New York. Great fortunes were lost in a few days, and the great American economy was ruined. After this event, long 12 years of depression followed, in which production, investment, employment, and consumption only decreased, characterizing a plummeting economy, going to the ground.

This crisis brought changes, especially in the audit and in the financial statements. One of the causes of the crisis would be fraud in the financial information, which the companies manipulated in order to obtain more demand for investment. Groups were established to regulate companies that traded their shares on the stock market, and Independent Audit on the financial statements was now mandatory.

In the 1960s, the US government was involved in the Vietnam War, creating a popular discontent, since war resulted in great expenses. Several organizations began to demand a more ethical and moral behavior of

companies, creating reports that would provide information to society, concerning the social benefits of the company, known as Social Report.

### 3.4. *Contingentialism*

With the arrival of the twenty-first century and the advancement of technology, the term globalization had great prominence. It can be understood as an economic and social process of interaction between the countries around the world. It entails the exchange of ideas, as well as financial and commercial transactions; it is the exchange of culture between all people, even when they are far from each other.

Globalization rose starting from the 1970s, with neoliberalism, which boosted the economy. Large companies sought new places to explore and also reduced expenses in the industry production. Thus, many companies chose countries where the workforce, raw materials, and energy were less expensive.

In the 1980s and 1990s, some locations achieved prominence due to large investments in technology and education, such as Hong Kong, Taiwan, Singapore, and South Korea, better known as the Asian Tigers. They managed to reduce production costs and added technology to their products. Many alliances were made between neighboring countries, aiming to economically strengthen themselves, such as, for example, the MERCOSUR and the European Union.

With all these changes taking place worldwide, Accounting also had to adapt. A major problem encountered was the reconciliation of balances, for each branch conducted its accounting in accordance with the laws of the country where it was installed.

With the growth of globalized trade and differences in the method of accounting, ways to reconcile the accounting procedures were gradually devised, in order to attain a greater understanding and comparability of economic and financial information.

The creation of large economic blocs, such as the European Union, contributed to the harmonization of accounting standards, as well as the creation of the International Accounting Standards Committee (IASB), created in 1973 by the agreement of the following countries: Australia, Canada, France, Germany, Japan, Mexico, England, Ireland, and the United States. In 2001, this regulatory agency became the International Accounting Standards Board (IASB).

According to Niyama and Silva (2011, p. 35):

The IASB is an independent, private sector body, to study accounting standards, based in London, UK. It consists of a Council of Members, made up of representatives of more than 140 professional associations from all around the world, including Brazil, represented by the IBRACON and the Federal Council of Accounting.

The IASB is responsible for the preparation of the International Accounting Standards, known as International Financial Reporting Standards (IFRS). The IFRSs help the entities in the access to international capital markets, granting companies that adopt these rules more credibility and trust from users and giving efficiency to the market (Rocha, 2006).

The accounting harmonization is a process in which countries, in agreement, begin to change their systems and accounting standards in order to achieve standardization, but respecting the peculiarities of each region.

According to Rocha (2006, p. 68):

The accounting harmonization is becoming necessary, particularly to serve the various users, who need accurate and reliable information for better analysis of the financial statements and, consequently, for the decision-making process.

The Law 11,638/2007, which was approved after seven years in the Brazilian National Congress, deals with the amendment of some articles of Law 6,404/1976, in order to update it to the new global economic scenario and to foster transparency to Brazilian business activities.

The most significant changes imposed by this new law were the alterations in some financial statements. The Cash Flow Statement is now required and, given certain conditions, the Added Value Statement as well, extinguishing the Statements of Changes in Financial Position. It also reorganizes the structure of the Balance Sheet.

The accounting harmonization still faces challenges in the economic, social and political contexts of each country, as some practices cannot be applied in certain sovereign States. However, it is known that countries that adopt IFRSs as standards have great advantages in the international market.

#### 4. ACCOUNTING AND ITS SOCIAL FUNCTION

Accounting as a science has a very vast field and there are many areas of knowledge that can be explored by its scholars. Assets are the object of study of the accounting science. However, the accountant must not be limited to only measuring the variations that these assets present, but must verify the causes of their positive or negative mutations, studying the economic, administrative, and accounting facts contextualized in business operations. Hence, it is evident that it is the direct or indirect action of man that changes the assets.

Then, the accounting researcher focuses on man within society. According to Starke Jr., Freitag and Crozatti (2006), the researcher will act as an active subject, being part of the research to which he or she is dedicated, interfering with science. Thus, the scientist in accounting is the researcher and also the subject in the accounting knowledge.

The challenge is to encourage the accounting professionals to become researchers, helping the evolution of Accounting, because only with research it is possible to find and solve problems. As Starke Jr., Freitag and Crozatti stated (2006, p. 11), “The social scientist involved in this area of knowledge must, from theoretical frameworks and substantiated research, propose new organization approaches”.

The accounting researcher must think on the assets of the companies, but with the focus on social welfare. The thought must not be directed only to profit and income, but to how the entity can help the society in which it operates. Companies are economic agents – their role in society is to produce goods and generate wealth –, however, they are also social agents that should generate social welfare and report to the plurality of other agents.

Thus, both the accounting researcher and the professional must be ethical. Ethics in accounting will guide the profession principles and must be used in the production of information, so this information is not biased to its users. This financial information must provide the target audience, the users, with the whole apparatus of the procedures adopted by the entities, both financial and social procedures.

The lack of ethics causes, in organizations, an environment of corruption, in which money is the only benefit to be desired; without thinking about the community in which they are inserted or about the welfare of the individuals, reaching the inhabitants of a region and the employees of the organizations themselves.

And the accounting professional faces the dilemma of aiming the personal interests, both the individual and the organizational interests, or following the ethical principles. Thus, Starke Jr., Freitag and Crozatti (2006) argue that the interest of Accounting, as a science, should be above personal interests.

Accounting needs to be seen from a social point of view, not only as a science that interprets financial facts, but one that also interprets the consequences that these facts bring to society while benefiting all users of the information generated to produce the effects and results expected by the business organizations.

##### 4.1. Social Report

The Social Report defines a set of information that evidences the economic and social management of the entity and its relationship with the community, making public the social responsibility of the organizations. Its objective is to show to all accounting users the internal policies of the entity related to quality of life and welfare in and out of the organizations.

According to Pinto and Ribeiro (2003), the Social Report originated in the 1960s in the United States, gained strength in Europe, particularly in France and, only then, expanded to the other continents. In the 1970s, the idea of social responsibility became popular in Europe and some large companies, such as Singer, produced the first social reports, which were a kind of social statement. In Brazil, the Associação de Dirigentes Cristãos de Empresas do Brasil [Association of Christian Managers of Companies of Brazil] (“ADCE” Brazil) already produced these statements in 1965. In the 1980s, a statement model was designed by the Fundação Instituto de Desenvolvimento Empresarial e Social [Business and Social Development Institute Foundation], but only in the 1990s the first Brazilian companies took the matter seriously and issued social statements and reports, exposing the actions taken by the organization in relation to society and employees.

According to Pinto and Ribeiro (2003), the main function of the Social Report is to make public the social responsibility of the organization, aiming at transparency to the general public of the achievements accomplished by the company in the social, economic, and environmental context. If the information in this demonstration is reliable, it will provide the organization with a positive image as perceived by the community, as well as with an instrument of control and evaluation of managers participating in the process.

According to Iudicibus et al. (2000, p. 31) quoted by Pinto and Ribeiro (2003, p. 5):

The Social Report seeks to demonstrate the degree of social responsibility assumed by the company and thus be accountable to society for the use of public property, consisting of natural and human resources and the right to cohabit and usufruct the benefits of the society in which it operates.

The objective of the Social Report is to demonstrate the interaction between the organization and the environment in which it operates, evidencing the information on human resources, economic and social development, and citizenship.

Thus, based on the results and indicators presented in the Social report, the entity can plan and execute activities that are beneficial to the employees, to the community that is benefited, to the environment hosting the benefit, all reflecting in the very company that promotes all this set of social activities. The company increases its productivity and strengthens its social marketing, expanding its market shares.

#### *4.2. Added Value Statement*

The Added Value Statement (“DVA” in Portuguese) is treated in the Accounting Pronouncements Commission (“CPC”) technical pronouncement No. 09, approved on October 30, 2008 and published on November 12, 2008. CPC 09 was created to establish preparation and presentation criteria for the Added Value Statement, the AVS.

According to Ribeiro (2010, p. 427):

The Added Value Statement (AVS) is an accounting report that evidences how much wealth a company produced, that is, how much value it added to its production factors, and how much and how this wealth was distributed (among employees, government, shareholders, lenders of capital), as well as the non-distributed portion of wealth.

Thus, the AVS is formulated through the data obtained, usually from the Income Statement, to elucidate the richness, in detail, created by the entity and how this wealth is distributed in a given period of time. Some specific activities aimed at deals involving credit, financial and banking institutions must use specific models of this statement, meeting the individual needs of these segments.

According to CPC 09 (2008), this statement is based on macroeconomic concepts, since it presents the value that the entities are able to add to inputs purchased from third parties and that are sold in a given period.

The information in the AVS provide their users with the company’s situation, regarding the issues of economic and social nature and the evaluation of the activities carried out within the society in which it operates. Then, the added value that was generated by the entity will represent its contribution to the formation of the Gross Domestic Product (GDP), which is the indicator used to measure the economic activity of a region (Ribeiro, 2010).

The AVS consists of two parts according to CPC 09 (2008). The first part must contain the wealth created by the entity in detail with the following items: revenue (sale of products, services, and other revenues), inputs acquired from third parties (costs of goods or services; materials, energy; depreciation, amortization and depletion; loss and recovery of assets), added value received in transfer (equity, interest income, other incomes).

The second part demonstrates how the accumulated wealth was distributed, detailed by the following items: personnel (salaries, vacations, overtime, benefits, FGTS, etc.); taxes and contributions (INSS, ICMS, ISS, etc.); remuneration of own and third-party capital.

For the activities of financial intermediation, the AVS has some peculiarities, as cited above. This occurs because banks are, generally, large global corporations and the AVS must be internationally recognized, along with the other statements. The statement of this activity presents some differences compared to other published pieces, focusing on revenues and some ways to distribute wealth.

Ribeiro (2010) argues that the AVS is a breakthrough for the accounting science, since it evidences the wealth that is generated and distributed, thus reaching a larger number of users (employees, shareholders, lenders, and society).

#### 4.3. Brazilian Accounting Standards

These standards consist of a set of rules and procedures that must be used in the exercise of the accounting profession, along with the doctrine, principles, and procedures issued by the Resolutions of the Conselho Federal de Contabilidade [Federal Accounting Council] (“CFC” in Portuguese).

The Brazilian Accounting Standards (“NBCs” in Portuguese) can be classified as Professional and Technical and must follow the standards imposed by the International Accounting Standards (IASs).

They are structured, according to CFC Resolution 1,328/2011, in the following ways:

- I. General – must be applied to all accounting professionals;
- II. Independent Auditor – applied only to accountants working as independent auditors;
- III. Internal Auditor – applied to accountants working as internal auditors; and
- IV. Expert – applied to accountants working as experts.

These standards should also clarify accounting matters, showing the rules and procedures to be used in specific situations, transactions, or activities. And the failure to abide by the Brazilian Accounting Standards is considered a disciplinary offense subject to the relevant penalties according to Decree-Law No. 9,295/46, amended by Law No. 12,249/10 and in the Accounting Professional Ethics Code.

##### 4.3.1. NBCT 15

This standard addresses the procedures for disclosure of social and environmental information, with the aim of informing the society about an entity’s social responsibility and participation. In this work, the focus will be directed only to the social aspects that this standard addresses.

According to NBCT 15, the following are to be deemed as information of a social nature: the generation and the distribution of wealth, the human resources, and the entity’s interaction with the external milieu. This information can be taken from accounting or not, provided they meet the rules established by this standard.

The information that should be divulged concern wealth generations and distributions, data on remuneration, granted benefits, spending on social taxes, total hirings and layoffs, labor liabilities of the entity, as well as contingencies.

The information showing the entity’s relationship with the society in which it operates should also be included in the total of investments, with education, culture, health, sanitation, sport, leisure, and alimentation.

Although the information may or may not be obtained from the accounting, the statements of a social nature, such as the AVS, should be a technical responsibility of an accountant registered in the Regional Accounting Council. The other information, of a non-accounting nature, may be a responsibility assigned to other specialists.

## 5. METHODOLOGICAL BASIS

The means sought to elucidate this work was through published articles available on the Internet, empirical research, as well as magazines and books. Financial statements of the company Petrobras, available on the website, were also used. The work is a literature review, which, according to Gil (2008), is characterized by its development based on materials already prepared, generally books and scientific articles.

## 6. RESULTS AND DISCUSSIONS

### 6.1. Characterization of the company Petrobras S.A.

Petróleo Brasileiro S.A. (Petrobras) is a publicly-held company, founded in October 3, 1953, which operates in 30 countries and in all continents. Its most important majoritarian shareholder is the Government of Brazil, and its headquarters is located in Rio de Janeiro.

The company operates in exploration and production, refining, marketing and transportation of natural gas and oil, biofuels, electricity, distribution of derivatives and other renewable energy sources.

Its mission is to operate in a safe and profitable manner, with social and environmental responsibility, both in the domestic and international markets. It provides appropriate products and services, contributing to the development



of the countries in which it operates, mainly its home country, Brazil. It seeks a sustainable development, integrating its businesses with society's welfare in search of results, maintaining the ethics and transparency, human and cultural diversity, respect for life and especially for people.

Petrobras follows a Social Responsibility Policy, in which the activities carried out are integrated with the relations of the public of interest, thus promoting, in a transparent and ethical manner, citizenship and sustainable development, observing the human rights and banning discrimination, child work, as well as aiming for the reduction of social inequality within the entity.

The company seeks to maintain a good relationship with the community in which it operates, building solutions together with the population in order to avoid possible environmental, economic, and social impacts. This relationship occurs through meetings and discussion forums promoted by Petrobras, fostering and developing the productive chain of the local economies.

Therefore, Petrobras is a company concerned with producing in a sustainable manner, respecting the limits of nature and society and seeking positive results to meet its interests and those of the community.

## 6.2. *Analyses of Statements of Social Nature*

Next, analyses will be made of the Social Reports and Added Value Statements of Petrobras from the years 2010–2012, observing if they meet the criteria imposed by the Brazilian Technical Accounting Standard (“NBCT”) 15.

This analysis aims to identify if the information available in the statements fulfill their role of informing the accounting users, how the wealth generated by the entity is being distributed to the general milieu in which it is present (Table 1).

### 6.2.2. Table analysis

The information obtained with the analysis of the Social Reports and AVSs of Petrobras were compiled based on NBCT 15 and listed in Table 1 (annex) according to the guidelines provided by this standard, in order to compile the statements of a social nature and verify if the entity meets or not the considerations required by this standard.

Based on the analyses of the statements, Table 1 shows that most of the guidelines of the NBCT 15 are followed by Petrobras, but some items were not found in the statements nor in any explanatory note.

Below, the comments on the items that do not meet or partially meet the recommendations of the NBCT 15:

- **15.2.2.2 e) spending on transport** –it was not presented in the Social Reports nor in explanatory notes.
- **15.2.2.4 c) total layoffs** –this is a very important factor which is not presented in the statements in any of the years that were analyzed. Since Petrobras is a company that defends the social aspect, it is important to know the number of layoffs per year, because unemployment is an unfavorable factor for the economy. According to Castelhana (2004), the worst consequences of unemployment are fear and anguish, for the unemployed individual is afraid of not finding a new job, while the employee suffers from the pressures, threats, and possible layoffs.
- **15.2.2.4 h) total number of employees by age group** –the Social Reports of the analyzed years presented a single division with respect to age, which was employees over 45 years of age. However, the division should be made in four intervals, thus being able to distinguish the employees over 60 and under 18 years of age. This information is relevant because it shows users if there is social inclusion and if the company creates opportunities in its segment, both for the elderly and for the young people seeking their first experiences.
- **15.2.2.4 i) total employees by level of education** –the information is not included in the analyzed statements, and it is important in order to know the degree of knowledge of the Petrobras employees.
- **15.2.2.5 a) number of labor claims filed against the company** – this information is contained in the financial statements, but not in the way requested on NBC T 15.
- **15.2.2.5 b) number of upheld labor claims**– this information is contained in the financial statements, but not in the way requested on NBC T 15.
- **15.2.2.5 c) number of rejected labor claims** – this information is contained in the financial statements, but not in the way requested on NBC T 15.
- **15.2.2.5 d) total value of indemnities and fines paid as required by justice** – this information is contained in the financial statements, but not in the way requested on NBC T 15.
- **15.2.3.2 c) health and sanitation** – this item shows the return from the company to society, if it invests in health and in improving the lives of the people involved in its area of activity. Petrobras,

which has a mission of welfare for all, should invest in health and sanitation to improve the environment where it operates.

- **15.2.3.2 e) alimentation** – for a healthy and producing society, quality of life is needed, and alimentation is an important aspect. If Petrobras prizes quality of life, this factor must be important for its projects, and not only taking into account the investments made for its employees, but for all people around.
- **15.2.3.3 e) amount of fines and compensation for clients, determined by consumer protection agencies or by justice** – this information was not included in the Social Reports nor in explanatory notes, they only contained the appropriated amounts allocated for legal proceedings.
- **15.2.3.3 f) actions taken by the company to eliminate or minimize the causes of complaints** – information not included in the analyzed financial statements.

## 7. RESULTS

Table 1 shows that most of the items are in line with what is required by the Standard, being explicit that the evaluated institution intends to show how the social factors interact in their activities. One of the concerns of Petrobras, which is also one of its main differences in the market it serves, is the Corporate Social Responsibility, consisting of combinations of voluntary initiatives conducted with the aim of sustainable development, as advocated by the company, in order to integrate its considerations in the ethical, social, and environmental spheres with the stakeholders, such as: clients, collaborators, suppliers, competitors, shareholders, governments, and the community (CNI - Confederação Nacional da Indústria, 2006).

This responsibility is evident when the items that deal with the distribution of wealth are observed. These items show the difference that the entity pursues in order to stand out in relation to the competitors. Thus, Petrobras helps in developing its organization and its direct and indirect collaborators, adding value to its image and to the country's image.

It can be observed that, generally, the data that were not found in the statements or notes can bring a negative image to the company because they are elements such as total layoffs and labor claims. Other information partially meets what was requested.

This contradicts some principles that Petrobras defends, such as the welfare of society and its transparency concerning information. When the company does not mention in its social statements, for example, the number of employees dismissed per year, it omits an important social factor from society's awareness: unemployment.

Unemployment brings negative economic and social consequences, among which, according to Castelhana (2004, p. 2): "the increase in structural unemployment and the spread of its devastating consequences amplify fear in the workplace, rendering the worker much more vulnerable, and in a much more fragile situation".

Therefore, the consequences of unemployment are felt both inside and outside the company, since the unemployed is afraid of not finding a new job, while the employee is apprehensive of new layoffs, which may affect his or her performance at work.

Another negative effect is the image conveyed by Petrobras to society when these data are not presented. According to Vieira (2007, p. 37):

If the organization is well regarded by the community, this fact can ensure, among other things, greater acceptance of its products, as well as the obtention of support for the implementation of its policies. A good relationship between the company and the community may even contribute to greater efficiency in operational terms, while raising the morale of the employees, who mostly live in the community.

Thus, if the community is not satisfied with the company's performance, there are many possible conflicts to be faced, as low yield in production and/or rejection of the offered products, affecting its survival in the market.

In general, Petrobras fulfills its mission to be a socially responsible company, which seeks sustainable development. Its statements clarify, partially, how the distribution of the acquired wealth and the social investments are conducted. However, a review is still necessary concerning some explanations about the items previously mentioned that are not available for verification, since, considering the social role assumed by the company, the omission of these relevant data is not acceptable.

It is clear that Accounting is a science that is concerned with clarifying how the entities give back to the society and that is why it creates ways to demonstrate these facts. As Starke Jr., Freitag and Crozatti (2006, p.12) state: “accounting also has ‘men’ as an object of study and not only the assets of the entities”.

Future research is needed in order to identify the problems and find methods to solve them, that is, not only to identify the variations in assets, but also to understand the reasons of such variations.

## 8. CONCLUSION

The history of Accounting, when analyzed, shows that men is the centerpiece of the development of this science, and that it has the responsibility of contributing to improve the welfare of the individual and of the society. Thus, whenever man evolves, accounting adapts to meet the needs created by these changes.

According to Sá (2002, p. 46): “Accounting is the science that studies the assets phenomena, concerned with realities, evidences, and behaviours thereof, in relation to the functional efficiency of the social cells”. Thus, the mere numerical interpretations to verify the profit of the entity cannot be the thought of the accountants. The accounting professional has to analyze the whole social context behind the numbers, understanding that the human actions are responsible for altering a company’s assets.

The social function of the accountant is to produce honest and timely information that can assist the company in making decisions, benefiting everyone involved in the operational processes, both inside and outside it. Thus, the professional helps to define principles, rules, and procedures to compile the statements, especially those of a social nature.

And divulging these social statements to all users, whether internal or external, is extremely important, after all these statements are responsible for disseminating the companies’ culture of developing social actions and also for enhancing the companies’ image as perceived by the society (CNI, 2006).

This is what this work shows: the human being is a modifying agent in the milieu, and will over time undergo a change in habits and customs. All these changes will require new attitudes from Accounting. Thus, all its information must be produced to show how man acted regarding his assets, and how these assets brought benefits.

And these benefits should be distributed to all persons involved, not only to the partners or shareholders, but to the community that is around, because, often, this very community is the one providing workforce, as well as consumer’s market, to the company.

Accounting works for the human being and its changes. That is why it must turn to the problems that affect society. It should study the assets, but not only in search of changes and profits. The entity must be a modifying agent for the environment in which it is inserted, being responsible for the welfare of the society in which it operates.

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Annex: Table 1: Verification of the Social Reports and AVSs of Petrobras

NBC T 15	2012	2011	2010
15.2.1.1	YES	YES	YES
15.2.2.2 a)	YES	YES	YES
15.2.2.2 b)	YES	YES	YES
15.2.2.2 c)	YES	YES	YES
15.2.2.2 d)	YES	YES	YES
15.2.2.2 e)	NO	NO	NO
15.2.2.2 f)	YES	YES	YES
15.2.2.2 g)	YES	YES	YES
15.2.2.2 h)	YES	YES	YES
15.2.2.2 i)	YES	YES	YES
15.2.2.2 j)	YES	YES	YES
15.2.2.2 k)	YES	YES	YES
15.2.2.2 l)	YES	YES	YES
15.2.2.2 m)	YES	YES	YES
15.2.2.4 a)	YES	YES	YES
15.2.2.4 b)	YES	YES	YES
15.2.2.4 c)	NO	NO	NO
15.2.2.4 d)	YES	YES	YES
15.2.2.4 e)	YES	YES	YES
15.2.2.4 f)	YES	YES	YES
15.2.2.4 g)	YES	YES	YES
15.2.2.4 h)	NO	NO	NO
15.2.2.4 i)	NO	NO	NO
15.2.2.4 j)	YES	YES	YES
15.2.2.5 a)	NO	NO	NO
15.2.2.5 b)	NO	NO	NO

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15.2.2.5 c)	NO	NO	NO
15.2.2.5 d)	NO	NO	NO
15.2.3.2 a)	YES	YES	YES
15.2.3.2 b)	YES	YES	YES
15.2.3.2 c)	NO	NO	NO
15.2.3.2 d)	YES	YES	YES
15.2.3.2 e)	NO	NO	NO
15.2.3.3 a)	YES	YES	YES
15.2.3.3 b)	YES	YES	YES
15.2.3.3 c)	YES	YES	YES
15.2.3.3 d)	YES	YES	YES
15.2.3.3 e)	NO	NO	NO
15.2.3.3 f)	NO	NO	NO
15.2.3.4	YES	YES	YES

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Fonte: Autora.