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Key Ideas and Concepts of Institutional Economic Theory

Basis of Non-financial Accounting and Reporting

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Abstract: A large number of scientific publications argue that environmental, social, sustainability, integrated, CSR reporting and ESG, or all we call "non-financial reporting", have a theoretical basis in institutional economic theory. However, there is no clear identification of the specific achievements of the institutional theory, which served as the basis for the transformation of accountability from "technological financial" to non-financial. Our knowledge of how accounting and reporting forms arise is relatively weak compared to our knowledge of accounting procedures and techniques. We usually think that accounting and accounting have nothing to do with economic theory, societies, and the complex process of transferring ideas over time from one science to another. This paper aims to present the main key ideas, the "red markers" in institutional theory that form the theoretical basis of the applied tools of non-financial accounting. The scientific task of this study is to discover, select, highlight and systematize in problem-chronological terms the main and most important theoretical components of the conceptual and methodological change in institutional economic theory that have contributed to the creation of the tools called general "non-financial accounting and reporting". The relevance of such a study is determined by the need to identify, systematize and analyse the theoretical roots of non-financial accountability, which is an important methodological issue for the present and future development of non-financial accounting and reporting. Overall, the study tries to throw the bridge between economic theory and the new directions of non-financial reporting.

Keywords: economic theory, modernization accounting theory, non-financial accounting and reporting, accountability

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1 Introduction

The last 30 years of the 20th century were marked by shocks unknown in economic history, among which the most striking was the stagflation and the two stagflation recessions during the 70s and 80s of the twentieth century. which created new uncertainty and risk in the economy.

In the last decades of the 20th century there are changes in accounting science, in its scientific discourse, the significant changes related to rethinking the content of accounting information, the form of reporting and the methodology. The introduction of this pluralism into the theory of accounting is influenced by social sciences and above all sociology, as well as actual general needs for disclosure of more information about the activities of companies, individual and corporate investors. These changes are expressed primarily in the rejection of the "conventional", which has dominated the five-century-long imperative technical approach in accounting, with the discussion of possible alternative theoretical approaches. (Fleischman, 2013).

In 1970 the Committee on Accounting History of the American Accounting Association, offered a paper based on accounting evolution and a stave from a point of view on "*modernization theory*", "*including economic, social, political, and legal factors*." (Napier, 2001).

The new economic synthesis, which presupposes the "new institutional economy", has the greatest influence on the changes in accounting discourse. Historians of accounting emphasize the entry of neo-institutional theory into "modern accounting and accountability." *"On the academic side, there has been growing recognition of the contributions of institutional theorists such as Ronald Coase and Douglas North (awarded the Nobel Prize in Economics 1991 and 1993 respectively) who drew attention to the relationship between institutions and economic outcomes and the work of political institutionalists such as March and Olsen (1989) who emphasised institutional design as a political choice. These developments have fostered the development of a new institutionalism differentiated from prior research that tended to emphasise description over theory-building and idiosyncratic differences over patterns of similarity and difference*." (Richard & Stephen, 2009, p. 319). As noted, Carruthers, "*The New institutionalism is a recent development in organization theory with great relevance to accounting research. New institutionalist's view accounting practices as one of a larger set of features that can legitimize organizations through construction of an appearance of rationality and efficiency*." (Carruthers, 1995).

One of the first and influential directions in the "modernization" and "socialization" of accounting is the direction "Political Economy of Accounting". Founder and author of the term is Anthony Tinker, who in 1980 published. "Towards the Political Economy of Accounting: an empirical illustration of the Cambridge controversy" (Tinker, 1980), written on the Cambridge debates on capital, in which the bankruptcy of marginalism is justified using accounting techniques. Based on the figures from the financial statements of a company, Tinker shows that the Neo-classical analysis of market equilibrium cannot explain the inefficiency or unfairness of the distribution of income among the various actors in the enterprise-owners, managers, employees, suppliers, government. (Tinker, 1980). *"One outcome is clear from the Cambridge debates: in so far as accounting relies on marginalism for its theoretical foundations then those foundations are fallacious*." (Tinker, 1880).

Tinker's conclusion is that political and social conditions underlie all economic analyses, that political economy defines "*social relations of production*", as opposed to marginalist theory (Tinker, 1980). *"The social relations are represented by various social institutions (e.g., legal, state, educational, religious, law and order, political, government administration). These institutions ensure that rights and obligations (e.g., property rights) can be pursued and enforced: they provide the ground rules for an economic order*." (Tinker, 1980, p. 154).

Non-financial reporting supports and develops this line, economizes accounting reporting, expands its scope through the detailed theoretical incorporation of institutions and includes costs invisible to conventional accounting.

The development of accounting and accountability begins to be influenced by various social institutions (customs, traditions, social norms and cultural models that determine sustainable norms of social behaviour). This understanding is closely linked to the accounting process itself, and with particular force it applies to auditing of the non-financial and financial statements with particular force.

2 Methodology

Research methodology is the set of approaches, methods and principles used to solve a scientific problem. The approach used can be described as cognitive. This is understood in the sense of Hayek's view, to show the importance of cognitive (located in the world of ideas) phenomena and past experience related to the processes of knowledge development, which according to Hayek is of paramount importance in the economic sciences. (Hayek,1933), In this context, again from Hayek's point of view, in approaching the problem under study we also accept the idea of the "spontaneous order" in the development of societies and of science, namely that the forms that emerge do not depend on one person but are the result of a confluence of circumstances. (Hayek, 1960). The cognitive approach allows the researcher to identify the key elements in the process of the development of ideas and their creation of qualitatively new phenomena such as non-financial accountability. The construction of autonomous and independent intellectual fields over time materializes into a new common field (Correa et all, 2023).

This approach was chosen on the grounds that institutional theory itself has a cognitive basis. (Teraji, 2018, p. ix-x). The penetration of economic ideas into accounting science is also a thought (cognitive) process. Making connections, as it happens in non-financial accounting, between ideas and categories that are distant and belong to different schools of economics is also a cognitive process (Teraji, 2018, p. 235).

The sought result of this research is to create a complex understanding of the relationship between the development of economic theory - pure knowledge, as a quantitative accumulation and qualitative change, of accounting science. (Kayumov, 2012). In the institutional paradigm, knowledge is an institution, and a cognitive institution at that. (Frolov, 2022). The inclusion of social and environmental components in non-financial reporting is essentially an application of the institutional cognitive approach. The concepts and ideas identified in the study, which emerged in different and temporally distant social environments, have shaped the logical purposes and content of non-financial accountability slowly over a long period of time. "*Where economic theory is blended with accounting practice,* *it will likely provide a basis for sound judgments when differences between theory and practice arise.*" (Oseni et al, 2011).

It has been used an inductive approach. The method of collecting and selecting the information, its analysis, and synthesis has been used.

In this study, several principles basic to economic research have been used:

The principle of historicism - the study of economic ideas in development - has been applied. The particularities of economic concepts are consistently considered.

The principle of the systems approach, of interconnectedness in the study of economic ideas and their development. An epistemological principle used in the theory of science that serves to detect the passage of ideas into practice, and quantitative changes into new qualitative ones. The use of this principle favors scientific inquiry in explaining how the evolutionary accumulation of ideas, concepts, and tools in economic theory over a long period of time leads to the creation of a qualitatively new science and practice, non-financial accountability. This principle can also be described through Hayek's views on the emergence of “adjustment” in existing stable norms. Non-financial accounting and reporting is a kind of "correction" of the traditional (Hayek, 1952). The adjustment mechanism involves continuous processes of reclassification. The requirements for studying the complexity of the object of study are met: all key aspects of economic theories are explored, from which the ideas entered into non-financial reporting are extracted. The combination of approaches, methods, principles, and their application gives credibility to the results of the study. This study has objective (due limited volume) and subjective limitations. It does not discuss all the authors and all views, discussions and peculiarities of concepts in the considered theoretical school. Only those authors and their concepts and ideas have been presented, which, in the opinion of the author after preliminary selection, have a key role in shaping non-financial accountability.

3 Literature Review

The scientific literature that exists on the problem institutionalism-accounting is extensive. Here we will not make a complete overview of this voluminous literature but will try to group it problematically. In “Reporting Nonfinancials”, Gazdar (2007), considers many institutional factors, paying special attention to changes in reporting.

The literature that treats the institutional approach in modernized accounting can be divided into several groups.

One group of researchers emphasizes the influence of institutional theory on the organizational side of the meso- level and micro - level, such as improving the competitive position of the firm and even in a wider organizational field outside the firm itself. For example, environmental pressure from the outside on companies requires changes in their management and, accordingly, their accounting system, which leads to the need for managerial environmental accounting (Bouma & Van der Veen, 2004). Ecological pressure is regarded as the socially constructed "image" of the natural environment that influences the organization (Hannigan, 1995).

The widely cited Di Maggio and Powell define the entry of institutional theory into accounting as filling an empty institutional field of recognized institutional organizations, part of institutional life (DiMaggio & Powell, 1983).

Capital budgeting is another issue that is a research problem in relation to the application of non-financial accounting and reporting. Empirical research in this area shows that organizational change under external pressure affects capital budgeting, which is an important area of management accounting (Boons et al., 2000; Argyris and Schön, 1978; Broek and van der Veen, 1994).

"*The acknowledgment of environmental costs as a parameter for decision-making depends on the organizational field that creates a concept for capturing environmental costs in the mindset of management*." (Bouma, & Van der Veen, 2004).

Another body of literature assumes that the institutional perspective takes shape in accounting mainly in relation to transaction costs, but again in organizational terms and mainly in relation to the study of change (Bouma & van der Veen, 2004).

Another group of authors accept that quality management and introduction of the Total Quality Management (TQM) system causes the need for more information, including non-financial information (Johnson, 1994; Kaplan, 1994; Shank & Govindarajan, 1994; Chenhall, 1997; Hoque & Alam, 1999).

Some scholars investigate the problem of the influence of Neo-institutionalism on accounting from the point of view of governance in public administration. Such are the studies of Van Gestel & Teelken, 2006; Dent et al., 2007.

The influence of Neo-institutionalism on accounting standards in the public sector International Public Sector Accounting Standards for financial reporting and its Glocalization in New Zealand is researched by Rachel Baskerville & Giuseppe Grossi, (2019).

A similar approach was used in the analysis of the same question in Estonia (Argento et al., 2018). The application of neo-institutional theory is investigated in Baldarelli, Del Baldo & Nesheva-Kiosseva, (2014); Baldarelli, Del Baldo & Nesheva-Kiosseva (2017). Breton's book (2019) represents specifically instead of illuminating the problem of neo-institutional theory-accounting. Breton explores postmodern accounting theory, which includes social components, from the perspective of accounting institution and social institutions, taking the firm as a social institution. According to Breton, institutional theory is "relevant in the case of "accounting." it "*summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the results thereof*", there are many languages in it - mathematical, psychological, social, and political (Breton, 2019, Kam, 1990). The way to protect the inclusion in accounting of social, ethical and above all environmental factors, i.e., of institutional factors as defined by neo-institutionalists has been well paved by Rob Gray, C. Adams, Owen, C. Deegan, S. Schaltegger, R. Burritt and others. "*While we may wish to believe that accounting is no more than a (complex) set of (socially neutral) techniques and skills and that economics is a "science" abstracted from ethics, values, human emotions, exploitation, quality of life and the state of the physical environment, such beliefs are untenable at best and destructive, dishonest, and immoral at worst.*" (Gray, Owen & Adams, 1996).

The confirmation of institutional drivers of environmental management accounting in the field of management accounting of services of general interest, such as water companies, is proof of the entry of economic institutional theory into accounting practice (Ferdous, Adams & Boyce, 2019; Adams & Larrinaga-Gonzales, 2019).

The Australian school generally accepts that environmental accounting, sustainability accounting and ESG reporting are based on institutional theory. Deegen asserts in his book that "Accounting as both a technical and social practice" (Deegan, 2020).

Along with financial technical accounting, it also includes environmental, social and management accountability as an equal. In this paradigm are also the large-scale studies of Burritt, Schaltegger, etc. (Burritt, Hahn, Schaltegger, 2002; Burritt, Schaltegger, Bennett, Pohjola, Csutora, 2011).

This and numerous other research findings address the institutional approach in non-financial accounting and reporting itself. They prove that it was institutional theory that influenced accounting to create the new forms of accounting and reporting that we commonly call non-financial accounting and reporting. Critical views regarding the concept, theoretical basis and space of non-financial accounting and reporting are also expressed in the research and debates of Baker, M., Gray, R., & Schaltegger, S., 2022, Bebbington et al. 2020, Robson et al., 2017).

The systematization of concepts from institutional theory that have passed through time, applied in non-financial accounting and reporting, has not been the subject of special research.

4 Proto-Institutionalism

The German Historical School in Economics and "Old Institutionalism" gave the intangibles, capitals, economics of Education, social indicators, and the holistic approach.

The formation of Neo-institutionalism as a distinct ideological and theoretical field, which lays the theoretical foundation for the management of non-financial and external factors in business management practices, took place in the second half of the 20th century.

Long before its recognition as a noteworthy trend in economic theory, which occurred in opposition to the Neo-classical mainstream, there was long time ago already a trend in economics that indicated the importance of institutions and integrated institutions into the analysis of economic activity - the so-called Old institutionalism, also Proto-institutionalism.

Proto institutionalism is rooted in the scholarly tradition of the German Historical School.

The "German School of Law" based on the works of Leopold von Ranke occupies a central place in the ideological basis that shaped the German Historical School in Economics. Ranke is the founder of the so-called German objective school in historiography. According to his concept, the creator of history including economic history is the "people's spirit" (Boldt, 2019). "People's spirit" (*Volksgeist*) as a "demiurge" of development is also present in the views of other representatives of the German School of Law such as Gustav Hugo (Hugo. 1789), Friedrich Carl von Savigny, and others (Varrentrapp, 1908).

Leopold von Ranke was the author of the program work "History of the Neo-Latin and German Peoples (1495-1535)" published in 1824 and of the later four-volume work "Masters and Peoples in Southern Europe in the XVI-XVII Centuries", published in the period 1837-1845, as well as "Twelve Books of Prussian History" and others. Ranke did not directly study economic processes. For him, the understanding of the historic process lies only in the history of ideas and the politics of the state. According to Ranke, every historic period has its "main idea". The historical process represents an alternation of specific, closed epochs and is devoid of gradual development.

Ranke is the one who introduces the "intangible factor" - the spirit, the ideas, in the creation of institutions.

Ranke's ideas have a possible influence on the German historical school in economics. Wilhelm Roscher (1817-1894) was the founder of the German historical school (Old) in economics. Under the Old German historical school in economics, although the study of political phenomena still has a dominant importance, valuable research is created in the field of economic development. Particularly important, and also fundamentally different from the English school (Classical Economic School), striving for the analysis of "pure economics" is the creation by the German School of a connection between history, sociology, political economy, demography and statistics. Decisive impact on modern economic thought incl. the one that is a continuation of the classical school has precisely the introduction of demography and statistics as "sister" sciences of economics and their development within the framework of the Old German School.

One of the most notable thinkers who influenced the formation of the Neo-institutionalism paradigm is the representative of the German historical school in economics, Friedrich List. List is the author of the widely known work "National system of political economy" (1841). In it, List defends opposing views of the English classical economic school. Friedrich List made a theoretical contribution to modern institutionalism with several key propositions (List, 1841).

List is the person who puts "**institutions**" as the basis of the study and management of the economy, which, according to him, occupy a central place in economic processes. These are religion, law, monarchy, police, army, and administration. The “spirit of the nation” creates wealth embodied in institutions. These are profoundly immaterial ideas, in contrast to the productions of the English classical economic school (List, 1841).

List brings forth the concept of intangible assets as "productive power". Productive forces of the nation are also the "spiritual capital" of the nation - the experience of past generations (the meaningful history of the nation). Intellectual capital, which is a productive force, is hidden in historical experience which encompasses all discoveries, technologies, improvements, inventions, the result of the efforts of past generations. "Intangible capital" is productive, according to List, to the extent that the nation has been able to absorb and use it. In such a case, productive is the administration, the army, the police, the court, the laws, the politicians are productive. Even the productive forces are mainly in the state organization – administration, education system, health care, the legislature. “*Sources of productive forces are also the institutions of the family, Christianity, the spread of knowledge and ideas (education), communications, money, measuring systems, the calendar, the clock.*” (List, 1841) Their work, primarily productive, is also generally useful. For List, the productive forces of a nation transcend the concept of wealth as seen in material terms by the English (classical) school.

List defends a different view of capital from the English classical school, and he argues for not one but multiple capitals. Capital, according to List, is an "instrumental force" i.e., it is a "capital asset" from an accounting point of view, to create production (which in his concept means economic growth). According to List, the concept of "capital" of the English school is incorrect, instead the concept of "instrumental force" should be used. Capitals are of different types: material, material-agricultural, industrial, commercial, private, national, intellectual (List, 1841). According to Spalletti (2002), List is also the founder of the "Economics of Education" (Hagemann et al., 2019, p. 6).

The Social Indicators: List expected that a civilized society would have to agree on rules at the national and international level to prohibit, for example, child labour (Hagemann et. al., 2019, p. 4).

All these basic assumptions enter as a methodological basis in the organized study of economics within the framework of the German historical school of economics.

The American scientist Torstein Veblen (1857-1929) is considered the recognized founder of “Old Institutionalism”. The methodological basis of the Old Institutionalism, passed into the New institutionalism and applied sciences based on it, is holism (wholeness, holistic thinking). The scientific system of the Old institutionalism, and from it the New Institutionalism, thereafter, assumes that the institutions of society - economic, social and political are the same. Holism is a methodology of both non-financial reporting and the integrated report, in which financial and non-financial indicators are reported in order to turn the report into a comprehensive information source for the company's activities.

The holistic approach includes and explains the behaviour of individuals through the characteristics of the institutions that determine their interaction in economic life. Holism as the main method and approach which permeates New institutionalism. Economy, politics, management, law are only separate, specialized aspects of human life, which, however, exist in close connection with each other and cannot exist without each one of them. They cannot be separated from each other in scientific analysis. This holistic theoretical approach enables them to be considered as a whole and mutually dependent. Of course, such a methodology makes the analysis more difficult and requires the use of the achievements of many other private sciences.

It was Veblen who drew attention to the fact that non-economic factors. Veblen brings the evolutionary approach to economic analysis, emphasizes the explanations of economic phenomena with psychological and social factors, includes the methods of natural sciences. In "Business Theory" he emphasizes the motivation and personal characteristics and aspirations of entrepreneurs, the law and politics. There he raised the issue of non-price competition for the first time (Veblen, 1973).

5 New tools of New institutional economics

The New institutional economic theory (New institutional economics) has two starting points: the first is that institutions have an important meaning in the economic life and in the management of states and companies, and secondly, that institutions lend themselves to scientific analysis within the framework of Neo-classical economics.

Among the most important pioneering achievements of scholars in the field of Neo-institutionalism that influenced the new branches of accounting are the conceptualization of "transaction cost theory" by Ronald Coase (The Social Cost Problem), the study of problems of property rights in economic analysis by Armen Allchin (Alchian, 1961), the study of the difficult questions of determining the economic characteristics of information as a commodity by Kenneth Arrow (Arrow, 1962).

The American economist Ronald Coase is considered the creator of the neo-institutional trend, which formulated new methodological approaches to the analysis of the firm. In his studies "The Nature of the Firm" (1937) and "The Problem of Social Costs" (1960). Coase proves the importance of “transaction costs” as an operational basic tool of analysis. A special place in relation to the study of transaction costs as the main theoretical achievement of the change brought about by Neo-institutionalism is the formulation of the problem of the vertical integration of firms by Oliver Williamson (Williamson, 1995), as well as the generalization of this approach in the context of a comparative analysis of markets and hierarchies (Williamson, 1973).

This trend can be called "Public interest theory". Williamson (1985) extends this insight to suggest that transactions are outsourced to alternative governance mechanisms—including the market and the state—to minimize costs (Richard & Stephen, 2009, p. 319).

A. Alchian and H. Demsetz's interpretation of the "classical capitalist firm" as a "group" organization (team organization) (Alchian & Demsetz, 1972, p. 777-795) and their exploration of the meaning of property rights (Alchian & Demsetz, 1973, p. 16-27) in economics and business creates a new trend in business management.

A new vision of economic history and the validation of the methodology of the realist study of economics was proposed by Davies, Douglas C. North (Lance & North, 1971) and Robert Fogel (Eichengreen, 1994); as well as Janos Kornai's institutional interpretation of economic disequilibrium theory played a revolutionary role in changing economic thinking and analysis. (Kornai, 1971).

Thus, today, within the framework of Neo-institutionalism, several relatively independent theories are distinguished, namely: the Theory of Property Rights, the Theory of Contracts, the Theory of Transaction Costs, the New Economic History etc. Institutional economics should be understood rather as a movement of scholars who share basic ideas and beliefs, and as a network of people with a conscious unity.

This new theoretical analysis also requires new tools to measure the performance of companies, new methods to assess the value they create, the exogenic approach - inclusion of non-economic factors in economic analyses.

A cornerstone in the analyses in the diverse direction bearing the name "Neo-institutionalism" is the consideration of non-economic factors in the analysis of economic processes. If the Neo-classical theory does not consider the effect of non-economic factors, using the principle "other things being equal", Neo-institutionalism classifies and analyses the influence of these factors, the non-economic ones.

Alongside the economic factors, when analysing, neo-institutionalists place on an equal footing non-economic factors that are intangible and impossible to measure in money such as manners, customs, ethics, law, defining them as "institutions". In this way~~,~~ they include the achievements of the humanities and natural sciences in the economic analysis as these create a new perspective on economic phenomena and processes and set business management in a new dimension.

Institutional theory has created a new methodology – inter-disciplinary research. It is not interdisciplinary, namely inter-disciplinary. Each science, whose achievements are used in neo-institutional analysis, remains in its own field of study and while economic science has until now used the methodology of "economics for the economy", it is an interdisciplinary approach - working within a discipline with its specific apparatus. The neo-institutional approach is cross-disciplinary. The achievements of other sciences are used in economic and business science for both its aim and purpose. The same applies to non-financial accounting created on the basis of neo-institutional interdisciplinary methodology. Non-financial accounting is also intra-disciplinary. Accounting remains in its field , accounting as such, but uses the achievements of natural sciences such as physics, chemistry, biology, hydrology, geology, etc., which it enters into its disciplinary framework, in order to create a tool that takes into account not only the accepted financial indicators measured in money. This intra-disciplinarity is particularly characteristic of environmental accounting and reporting, which uses the achievements of the natural sciences, chemistry, and physics for its purposes. In non-financial accounting and reports the principle of monetary expression is ignored and accounting operates only with those facts that can be measured in monetary terms with a sufficient degree of objectivity, but also ignored are the external ones that cannot be measured with sufficient certainty in monetary terms, but nevertheless ~~which~~ create value for him? (Or degrade value?)

The next step was taken by the founder of the "Law school of Neo-institutionalism" John Rogers Commons. Commons is one of the significant figures in the development of American economic science. One of the founders of the institutional school, Commons was the first to use and thus impose the term "institutionalism" in his book "Institutional Economics: Its place in political economy", published in 1934. Commons sharply attacked neoclassicism, concluding that it is not the market mechanism that governs human affairs, but the legal system, in which there are three parties - the plaintiff, the defendant and the judge. It also suggests that the transaction should be considered as the basic unit of business analysis (Commons, 1934, pp. 4-8).

Commons develops theories about the evolution of capitalism and the institutional changes that affect the modern economy using a historical approach. It works based on the historical approach in economics inherited from the German historical school of economics. His research also includes works on long-wave business cycles such as Secular trend and business cycles: a classification of theories (Commons, 1922). His main contribution to institutionalism, which influenced non-financial tools of analysis, was precisely the creation of the legal and economic analysis of the economy in works such as "Law and Economics" (1925), the legal and economic analysis of employment (Legal and Economic Job Analysis together with E. W. Morehouse, (1927) and Legislative and Administrative Reasoning in Economics (1942). Following Veblen, Commons perpetuated ethics in economic analysis in The Problem of Correlating Law, Economics and Ethics. (Rutherford & Samuels, 1996).

The legal analysis of contractual relations is a parallel line to the economic research of organizations as the management of organizations can benefit from the results. Compliance with legal norms is one of the main components of modern non-financial reports of organizations.

J. M. Clark affirmed the concept of the important place of ethics in economic analysis in "The Ethical Basis of Economic Freedom" (Clark, 1955).

At the basis of modern management today lies the approach of studying the economy by including external factors - politics, wars, revolutions, ethics, invisible costs. (Mescon, 1973, p. 30).

5.1. The invisible costs

Among the most important pioneering achievements of scholars in the field of Neo-institutionalism influencing the new branches of accounting were the conceptualization of the “transaction cost theory” by Ronald Coase in “The Problem of Social Cost”, the study of property rights problems in economic analysis by Armen Alchian (Alchian, 1961), the study of the difficult questions of determining the economic characteristics of information as a commodity by Kenneth Arrow (Arrow, 1962, p. 609-625).

American economist Ronald Coase is considered the creator of the neo-institutional direction, which formulated new methodological approaches to the analysis of the firm, in his research "The nature of the firm" (1937)."The problem of social costs" (1960). Coase proves the significance of, operationalizes and imposes a basic tool for analysis - “transaction cost”. A special place in relation to the study of transaction costs) as the main theoretical achievement of the change made by new institutionalism is the formulation of the problem of vertical integration of firms by Oliver Williamson (Williamson, 1985), as well as the generalization of this approach in the context of comparative analysis of markets and hierarchies (Williamson, 1979).

This trend can be called “urgencies”. Williamson (1985) extended this insight to suggest that transactions are outsourced to alternative management mechanisms – including market and state – to minimize costs (Richard & Stephen, 2009).

Armen Alchian and Harold Demsetz ' interpretation of the "classic capitalist firm "as a ”group" organization (team organization) (Alchian & Demsetz, 1972, p. 777-795) and their study of the importance of property rights (Alchian & Demsetz, 1973, p. 16-27) in economics and business creates a new trend in business management.

A new vision of economic history and an affirmation of the methodology of the realistic study of Economics was proposed by Davis, Douglas North (1971), and Robert Fogel (extravehicular, 1994); as well as Janos Kornai's institutional interpretation of the theory of economic disequilibrium which played a revolutionary role in changing economic thinking and analysis (Kornai, 1971).

Thus, today within the framework of Neo-institutionalism several relatively independent theories are distinguished :the theory of property rights, the theory of contracts, the theory of transaction costs, the new economic history, and others. Institutional economics should be understood rather as a movement of scientists who share fundamental ideas and beliefs and as a network of people with conscious unity. The new theoretical analysis also requires new tools to measure the performance of companies, new methods to evaluate the value they create.

Scientific analysis means seeing the invisible. For the first time John Morison Clark in his work "The Economics of Overhead Costs" (1923) developed the concept of "general production costs". From this concept the "transaction costs" in the Neo-Institutional Theory were later formed.

The strongest influence on the new accounting divisions and the making of managerial decisions based on them were the revolutionary studies of Ronald Coase "The Nature of the Firm" (1937), “The Marginal Cost Controversy” (Coase, 1946), the Marginal Cost Controversy: Some Further Comments, (Coase, 1947) and "The Problem of Social Cost " (1960). Later, Coase further developed his concepts in an application of the theory in the applied research "Theory of pricing of public services (Coase, 1970). This trend can be called "Public interest theory". Williamson (1985) expands this insight to suggest that transactions are outsourced to alternative governance mechanisms—including the market and the state- to minimize costs (Richard & Stephens, 2009).

In “The Nature of the Firm” Coase argues that if transaction costs did not exist, then the existence of the firm would be unjustified. "*The main reason it is profitable to start a firm is the cost of using a price mechanism*." (Coase, 1973, p. 393). In his research, Coase proves that there are costs (to achieve a market price) that are not considered into accounts of firms. (Coase, 1960, p. 15) This conclusion naturally leads to the conclusion that there is incomplete information about the activities of the firm and, therefore, its management does not take it into account and is unable to make correct decisions. Coase uses the term “market transaction costs”. These costs are gaining popularity in the economic literature under the term "transaction costs". In fact, Dahlman affirms this concept of "transaction costs" by giving it the definition: "Costs for collecting and processing information, for conducting negotiations and making decisions, for controlling and enforcing contracts." (Dalhman, 1979, p. 148).

The existence of "social cost" was first defined theoretically and considered in its ecological sense in Ronald Coase's article “The Problem of Social Cost” (1960). Coase proves the existence of "social cost" in "The Problem of Social Cost". (Coase, 1960, p. 1 - 44). In "The Problem of Social Cost”, Coase puts the issue of social cost in a broader perspective, giving the example of the construction of a factory and its impact on the environment and the community. In “The Problem of Social Cost”, Coase puts forth the question of social expenditure in a broader perspective. Coase also considers a hypothesis in which a company is not obliged to pay for the damage it causes to nature and society, and a company that is obliged to pay them. If the normal existence of society is hampered by the pollution of the area, then people will move, there will be difficulties in recruiting labour, the public reputation of the company will deteriorate, it will experience difficulties in marketing its products as these will not be preferred because of their antisocial impact. Social costs, including those for damage to nature, are already "visible" and have become key for economic activity. Joseph Stigler asserts his authoritative agreement with Coase's arguments by saying, “*A world with zero transaction costs is as strange as a physical world without friction. Monopolists could be compensated to act competitively, and insurance companies would simply not exist*.” (Stigler, 1966, p. 113). J. Stigler, another prominent representative of Institutionalism, is also the author of the term "Coase Theorem", which in his version reads as follows: "In conditions of perfect competition, private and social costs are equal". Coase's theorem shows how markets can internalize pollution and other negative effects of economic activity, called "externalities." (Posner, 1993, p. 200).

Invisible and non-financial costs appear to be important and not taken into account in economic activity. With this, the invisible and "**non-financial" factors**, not accounted for in conventional accounting are brought into circulation in economic analysis.

There are many studies on the problem of social cost, but generally speaking in the given case we must understand under this term and concept of social cost is a problem widely laid on society, as a result of the environmental impact of the specific activities of certain companies and other organizations, or of other unspecified units. For example, damage to health suffered by third parties or damage caused to forests and agriculture due to the impact on the environment, as a result of the economic activity of a company or other organization, will not lead to a direct economic burden on that company or other organization, provided there is no proof of causation. Nevertheless, society may consider itself to have suffered a loss because it pays for these damages and the enterprise passes them on to it, taking the profit for itself. Such a situation arises if there is no system to establish the impacts that companies and organizations have on nature and society, and which impacts should be paid for by society if not paid for by the damaging party. In this sense, environmental accounting is a constituent and most important part of social accounting, and this explains why it emerged as its first form.

5.2. Transparency, publicity, reputation

Oliver Williamson further developed the transactional theory in the field of economic organization and markets. According to him, the main task of the economic organization is the development of contracts and a management structure whose purpose and results of activity consist in the economy of the bounded rationality of people while simultaneously protecting transactions from the risks created by the opportunistic behaviours of the participants. (Williamson, 1985, p. 316). Williamson continues the theme of J. Stigler on vertical integration and combines his concept with transaction cost analysis (Williamson, 1985, p. 213).

With this concept, the transparency, the publicity of the affairs of the organization is therefore imposed as a method of protection against the risk of opportunistic behaviours in the management of organizations. The path to the widespread use of public non-financial reporting is theoretically grounded and open.

Williamson has also contributed with his authority on the subject to the study of the effect of the company's reputation in its attitude to the workers. This question becomes an essential part of the non-financial (social) reports of companies. Williamson's conclusion is that the employers' fair treatment of workers has its advantages in management (Williamson, 1985, p. 417).

5.3. The Externality

Externalities were actually first studied by K. W. Kapp (Kapp, 1950 [1978]). This work of his was later expanded into “The Social Costs of Business Entrepreneurship”. (Kapp, 1963). Kapp's "ecological development approach" can be considered a **precursor to**

"sustainable development." (Kapp, 1950 [1978]; 2018). Kapp was one of the first economists to pay attention to environmental and social externalities in the market economy.

Arthur Cécile Pigou was a scholar who was a "dissident" in Neo-classical theory. He is a pioneer both in the field of seeing the imperfections of the market mechanism, and in justifying the effects of the work of companies, in the idea of economic sustainability and the formulation of sustainability, and in "full accounting of costs", and in ecological economics.

His dissidence, his critical view of neo-classicism makes him the scientist who poses, research, develops and seeks solutions to the question of the so-called "externalities". Therefore, we pay special attention to his contributions, which are of fundamental importance for the creation of the new methodology.

Often social costs are also called the "external cost" or "externalities", and also called the "external diseconomy" (Diseconomy - contrary to economy (of scale). An economic disadvantage, such as for example, the increase in costs arising as a result of the increase in the size of the organization or the damage caused by a given economic activity: In an ideal world, non-economies should be minimized). Coase calls externalities "damaging effects that have today become popular in the literature as "negative externalities."

Negative externalities occur when firms' appropriate benefits for themselves while someone else (society) pays their costs. Companies' appropriate profits by infringing on society's rights, neglecting humanity's resources, people's health, biodiversity.

Therefore, there are costs not included in the price of goods and services that are paid by all of us and that must be integrated into the accounting.

These are questions that affect the information that society needs and that must be provided by accounting in order to change the mode of economic growth - from non-renewable resource-based to renewable resource-based growth with care for the planet and society. New economic history proves peremptorily that growth cannot continue if it is generated in the way it was invented in the XVII century.

However, there is a conceptual dispute between Coase and Pigou.

In Welfare economics, Pigou, deviating from the "right Neo-classical belief" in the all-powerful built-in self-correcting mechanisms of the market, argues for imperfections in the functioning of the market. According to Pigou, the market cannot regulate itself and therefore government intervention is needed to restore the normal functioning of the economic system. In a situation of "market failure" - a situation in which the market mechanism does not automatically and accurately consider the price of goods, a "third party" - the state - must intervene to correct this "failure". (Pigou, 1920)

Pigou therefore suggests that the state intervene in a way that corrects "market failures". The correction of the "failure of the market" is compensation to society for damages caused to it by the activities of companies, without the culprits paying for the damages caused to the former and costs that society incurred to remove the damages caused by the activities of companies that have appropriated profits without incurring the full costs of acquiring those profits. Since Pigou suggests several conditions under which the state can also fail, he proposes this intervention - a correction to be made through a tax, later called the Pigouvian Tax.

Negative externalities are not included in the producer's costs. This makes it possible that the price of their goods on the market is not consistent with their full cost and the commercial profit of the enterprises creating negative externalities is unreal. Those costs that are not included in the cost price of the producer are transferred to society. Society pays private costs, while the one who produced them appropriates a profit that is not justified by the market. This state represents a "market failure", since the producer of negative externalities transfers part of his costs to society and appropriates only the revenues and obtains price advantages in the market juxtaposed with his competitors. Private creators of negative external effects (negative external costs) transfer their costs to society or third parties and appropriate revenues. This distorts the operation of the market mechanism and competition.

By imposing Pigou's Tax, the marginal costs of private producers of goods and services are raised to the level of marginal social costs. This is called "internalization of externalities".

Arthur Pigou is the first economist to raise the question of environmental protection in economic analysis, an integral part of the concept of sustainable development today. He also describes the unsustainability of the economy as "*...this 'natural' tendency of people to devote too much of their resources to present service and too little to future service...*" (Cit. from Kula, 1998, p. 84).

Pigou was one of the earliest economists to advocate for the interests of future generations, who are likely to be harmed by the present generation's disregard for the needs of the future i.e. – the beginning of the idea of sustainability. According to him, it is part of human nature to underestimate and therefore not provide enough for future needs. Through their short-sightedness, people often harm themselves when they are not fully responsible for their own actions. Moreover, when they directly or indirectly deal with others, say future generations, the recklessness and resulting injuries will be even greater. (Pigou, 1920). In his own words "*despite our desires for equal satisfactions, our desire for future satisfaction is often less intense than the desire for present satisfaction, …. The practical way in which these mismatches between desire and satisfaction deal themselves with the injury to economic welfare is by checking the creation of new capital*." (Pigou, 1920, pp. 6, 49).

The application of Pigouvian tax in the reduction of harmful effects on the environment is a method applied in modern practice to reduce the harmful effects on the environment and the effects of private interests on the deterioration of the quality of life of society and the planet as a whole. The Pigouvian tax is used in the regulation of negative environmental effects, along with other instruments such as cap-and-trade and carbon allowances. It is a way of "internalizing negative externalities".

5.4. The "internalization of negative externalities" problem

Kapp is the first scientist to seriously investigate externalities and believed that if they were priced, they could be "internalized". Kapp writes: "*Another related and perhaps more promising trend of analysis has been to consider social costs (and social benefits) as a form of non-market interdependencies as a result of which negative and positive effects tend to be internalized in the cost and return structure of the various sectors of the economy. This, of course, is correc*t." (Kapp, 1950, 1978, p. XXXV).

While Pigou recommends "soft intervention" of the state through taxes, Coase is of the opposite opinion. Coase criticizes Pigou's view in The Problem of Social Cost. (Pigou, 1952, pp. 329-335). Coase's thesis is that problems in the market occur due to the lack of calculation of the full costs that the firm incurs - i.e., due to the non-integration of social costs invisible to conventional accounting in general. Therefore, Coase defends in "The Marginal Cost Controversy" the thesis that marginal cost can (with some correction) be accepted as the basis of pricing, as well as the need to consider that government intervention in the market also has its cost (Brett el. al., 2015). Coase not only rejects soft state intervention but also regulatory legislative intervention by the state in the functioning of the market, according to Kula's analysis of Coase's texts (Kula, 1998).

In the 1960s and 1970s, several economists began to focus more strongly on Pigouvian taxes and subsidies as an instrument of environmental protection policy. Coase's theorem has proved to be unworkable in practice, partly because of the difficulty of calculating transaction costs and partly because of the extent to which large transaction costs can be calculated and partly because of the difficulty of granting property rights to all engaged parties. Coase, unlike Pigou, is a "market environmentalist". He bases the approach to solving environmental problems on property rights and the "powerful tool of transaction costs", proposing that their solution be done through voluntary transactions of people that can be concluded when an agreement is reached. According to Coase (I960), if a system of property rights is properly established and guaranteed by the force of law, there will be no need for state intervention when pollution occurs. The interested parties should be left alone to deal with the problem by bargaining among themselves. In a free market environment with well-defined property rights, people could, by agreement based on their property rights, voluntarily among themselves, achieve the desired level of environmental quality (Gayer & Horowitz, 2005).

Ayres is the scientist who has made real progress in setting the benchmark for guiding these interrelated problems to completion. Its point of departure is the attack on the Neo-classical view that price (i.e., exchange value) is an appropriate means of measuring utility (i.e., “use value”). His argument is that the market phenomenon is not a basis for calculating social cost (Ayres, 1961).

5.5. The realistic approach (engage studies)

Coase appeals for a new methodology of economic research - realistic and based on the study of real cases, and not through the traditional abstract methods of "blackboard economics" (Coase, 1988). Coase investigated real cases in the iron and steel industry, bacon production and the Pig-cycle in Great Britain, wire broadcasting in Great Britain, television services etc. (Coase, 1948; Coase & Fowler. 1935; Coase, R., R. S. Edwards & Fowler, 1939).

Thus, after long studies and debates, the neo-institutionalists put forward two main questions to be resolved before the accountants: the question of costs not reported in conventional accounting and the question of pricing, which directly depends on the calculation of the cost of production. Market transaction costs must be factored into the calculation. The development of changes in theory necessitates changes in accounting and reveals the need to create new divisions in it.

Coase imposed a methodology of realism on economic research and introduced case studies that are very popular today as well as introduced them into the toolkit of management as the study and application of "good practices". The methodological approach of Coase based on property rights poses the question of "environmental liabilities" to accountants (Frischmann & Marciano, 2015).

5.6. Legitimacy cost

Legitimacy is one of the key concepts of Neo-institutionalism (Deephaus, 1996, p. 1024). The concept of legitimacy in management originates from Max Weber (Weber, 1964, p. 165).

Legitimacy is defined by Suchman (Suchman, 1995, p. 274) as: "*a generalized perception or assumption that the actions of an entity are desirable, right, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*." (Suchman, 1995, pp. 610-671).

Legitimation theory enters economics and business from sociology. Many associate the new institutionalism with the study of the history of institutions, with the reasons for maintaining the established order. For example, some of the most cited authors from sociological institutionalism, Di Maggio and Powell (1983, 1991), view the institutional environment as stable and conformist (Deephause, 1996). Di Maggio and Powel ask themselves the question: Why are organizations so similar, what creates the stability of the environment and why are the organizations are conformist? Their explanation is that this phenomenon stems from "organizational isomorphism" - the acquisition of similarity between organizations in their structure, changes and processes occurring within them. Organizational legitimation serves as a basis for momentum by emphasizing the homogeneity of organizations and the stability of institutional components. Legitimacy is then the most important factor for the stability and change of institutions. In the article "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in The Organizational Field" they develop with extensive evidence the theory of organizational isomorphism, which DiMaggio and Powell fully relate to the idea of legitimacy (Di Maggio & Powell, 1983).

Accounting itself is a legitimating institution (Richardson, 1987). Accounting arose in response to the demands made by influential elements of the environment on which organizations depend (Meyer, 2003). Neo-institutionalism situates the organization in its historic and contextual conditions. This approach is based on the need for its legitimation and the isomorphic processes to which the organization is subjected (Collier, 2003, p. 95).

Thus, new types of costs appear - the costs of legitimacy. Legitimacy costs essentially transaction costs. Neo-institutionalists point to the existence of a contrast between institutional processes in firms and those processes that are subject to efficiency considerations, arguing that money spent on legitimizing activities represents "pure efficiency costs." DiMaggio and Powell, however, broaden the issue by referring it to profits. They raise the question of whether an institutional choice, such as the creation of a new HR department in the firm, has an impact on firm performance, that we should consider the effect of legitimacy on income on profit rather than simply looking at the cost side (DiMaggio & Powell, 1983, pp. 147-160).

Islam is a researcher who has done much to incorporate legitimation theory in accounting and accountability into specific accounting practices. This is his research "Social Compliance Accounting Managing Legitimacy in Global Supply Chains". (Islam, 2015), “Social compliance audits and multinational corporation supply chain: evidence from a study of the rituals of social audits” (Islam, Deegan & Gray, 2018) “Disclosures of social value creation and managing legitimacy: a case study of three global social enterprises”. (Islam, 2017).

5.7. Neo-capitals and intangible assets

The imposition and influence of Neo-institutionalism paved the way for the adoption of concepts of the existence of other-new types of capital other than those in conventional accounting (Ostrom & Ahn, 2007).

The link and at the same time the source of discrepancies between accounting theory and economic theory has traditionally been the concept of capital. It is not uncontroversial to say that capital in accounting and capital in economic models can be expressed in the same way, and vice versa. Schumpeter believes that one of the mistakes in the conceptualization of capital is "the unjustified desire of many authors, for the convenience of analysis, to bring the concept of "capital" closer to either the asset or the liability of the balance sheet of the commercial firm" (Schumpeter, 1934, p. 830–831).

Hicks, on the contrary, believed that recourse to the balance sheet was a way of directing the development of economic theory into the mainstream of real economics. “*Many of the mathematical models*,” he wrote, “*including some of my own, are catastrophically divorced from reality. They have lost contact with the earth.*” (Quoted in: Klamer, 1989, p. XX).

- Informational capital

Stigler J. D. (1911-1991) created the economic theory of information. (Stigler, 1961). In 1984, Stigler also published a voluminous monograph in which he studied in detail the economics of information at the micro level. According to him, uncertainty should not be considered as something that is a given, but as a degree of lack of information that can be reduced as a result of certain costs incurred to acquire information. This approach had a major impact on economic analysis, both theoretical and empirical, and began to be used in a variety of fields, including the study of firm costs, consumer behaviour, price cumulation in advertising, etc. Stigler derives information search costs (Stigler, 1964). As a result, a new direction in economic theory emerged - the economic theory of information. Some economists consider information costs to be an independent aggregate, not included in transaction costs.

- Human capital

The pioneering contribution and theoretical foundation of human capital theory is due to Gary Becker and TD Schultz. Becker worked in the Chicago school of economic theory, which sought to combine neo liberalism with Neo-institutionalism. From this point of view, Becker belongs to neither ~~no one~~. In general, the Chicago School of this generation sought to unite the marginal approach with Weber's concept. Therefore, Becker's research is a key condition for the legitimization of the neoliberal project in the new conditions of the advance of institutionalism. The essence of the proposal of the Chicago School is the transformation of economic rationality into the primary form of rationality in society and the simultaneous dissolution of the distinction between economy and society. (Brown, 2015; Davis 2014; Mirovsky, 2014).

Becker's economic approach to human behaviour is accompanied by his theorization of "human capital" (Becker 1993 (1964). For Becker, people should be seen as endowed with capital: human capital that can be constantly improved and that they use to compete in the marketplace. Accordingly, capital is not simply an entity that is used in market exchange but is a self-increasing value that grows over time and finds its valorisation in competition (Bonanno, 2017, p. 12).

From this theoretical formulation, in practice the Human Capital Report was born.

- Intellectual capital

The introduction of the term "intellectual capital" can be attributed to the 1960s. J. C. Galbraith first used it in 1969. It was substantiated in “Fortune” by Thomas Stewart in the article "The Power of the Mind: How Intellectual Capital Became America's Most Valuable Asset." In 1997, Stewart published comprehensive research on this new type of capital in the books "The Wealth of Knowledge: Intellectual Capital" (Stewart, 1997) and “The Twenty-first Century Organization and Intellectual Capital: The new wealth of organization.” (Stewart, 2001). Many after him accepted the idea of the importance of this new type of capital, and the literature on it continued to grow.

Intellectual capital is of particular interest to accountants in increasingly knowledge-based economies, where the limitations of traditional financial statements erode their real value as a decision-making tool. (Guthrie, 2001).

- Social capital

Kenneth Arrow (2000) argues that social capital is a misnomer because it does not share the characteristics of other forms of capital.

Coleman (1998) makes a comprehensive attempt to define social capital in parallel with financial, physical, and human capital, to clarify its structure and relationship with public goods. Eleanor Ostrom (Ostrom 2000, p. 188) agrees that social capital, although useful, is not as easy to find, see and measure as physical capital can be. (Ostrom, 2000, pp. 172-214). But social capital cannot only be created, but it can be weakened, destroyed, strengthened, or transformed. Social capital can be described as outdated, modern, or ahead of its time (Ostrom, 2007, p. 20)

However, contemporary authors believe that the concept of social capital is useful for both new institutional economics and ecological economics and should be integrated into them (Paavola & Adger, 2005, p. 365).

6 Results and Discussions

The research has shown that the use of economical ideas in non-financial accounting theory and practice has come a long way from the second half of the XIX century to the present day. Non-Financial accounting and reporting are mainly influenced by institutional economic theory in many of its schools. This evolution shows that economic theory is a box of tools that can be used in due course, as long as they are not forgotten, but the names and works of the authors are remembered and studied.

Institutionalism, actively using and integrating the ideas and data of other sciences (psychology, sociology, natural sciences), contributed to the deeper analysis of the institution of accounting itself. Accounting can no longer be seen as something established once and forever, despite Pacoli's perfect symmetry, but is an institution that constantly experiences the influence of the space environment in which it finds itself. Accounting itself and its organization are seen by institutionalism as a transactional sector. The analysis of its effectiveness is subject to the analysis of transaction costs at the micro, mezzo, and macro levels.

Institutionalism allows explaining the dynamics of the accounting process not only in our time but in its evolution, its national features, the features of its change and transformation, as well as the evolutionary processes of its formation and development. This is facilitated by the inclusion in the institutional analysis of the tools inherent in the related sciences, which provides a more complete understanding of the role of accounting.

It is likely that the development of non-financial accountability will continue in this institutional direction continuing to influence economic theory as the two will mutually improve each other as Ronald Coase encouraged us (Coase, 1989).

We believe that future research could develop in this direction, focusing on the influence not only of institutional theory, but also of other branches of theory on the development of accounting Sciences. They may be looking for answers to questions about how and why Accounting Science accumulates some time-scattered ideas and why it perceives them rather than accumulates others. The influence of regulatory factors and political decision-making on the perception and non-acceptance of ideas is also an important question to be explored.

7 Conclusions

In the study, the main key concepts of Institutional economic theory were established, presented, systematized, and analysed, reasoned in various socio-economic conditions that form the concept and practice of non-financial reporting - from proto-institutionalism to our time. Institutional theory provided in non-financial accounting the concepts of realism, historicism, and long-term analysis to determine changes in the activities of organizations and the participation of all parties involved in the processes, later called "stakeholders", in research and in practice - in the description, analysis, indicators and, consequently, in management decision-making, integrality-interconnectedness in the analysis of all economic and non-economic, exogenous and endogenous factors.

It was shown that non-financial accounting borrows from neo-institutional theory a new approach to costs and the possibility of their more complete reporting and analysis - invisible for financial accounting, transactional, and social, including the environment, which is essentially social, and the strategic, looking at sustainable future of new generations.

Non-financial reporting borrowed from neo-institutional theory a new look at capital, a new approach to liabilities and assets and their interpretation. Based on this, concepts of other capitals appear in accounting practice - non-financial capitals and the concept of creating new capital and its accounting and financial indicators and environmental obligations.

The study also confirmed the fact that neo-institutional theory is a source of inclusion of a moral and ethical commitment to full transparency through accountability.

This theoretical view is also applied when assessing the value of a company. Their "intangible" assets form most of the market value of companies.

The research task stated how the evolutionary accumulation of ideas, concepts, and tools in economic theory over a long period of time leads to the creation of a qualitatively new science and practice - non-financial accounting and reporting.

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