



Editorial

The cooperative social management audit: Assessing impact and sustainability



La auditoría de gestión social cooperativa: Evaluación del impacto y la sostenibilidad

Auditoria de gestão social cooperativa: Avaliação de impacto e sustentabilidade

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The year 2025 has been declared by the United Nations General Assembly as the International Year of Cooperatives to highlight the key role of cooperatives in sustainable development, social inclusion and economic resilience, but it is not the first time, 2012 was also declared in the same way, all this seeks to reinforce the relevance of these forms of management in the face of new global challenges.

This declaration is adopted for several reasons, it stands out fundamentally for its contribution to sustainable development, promoting business models that combine economic results with social and environmental impact, that encourage democratic participation, gender equity and access to basic services.

This declaration is a call to governments, businesses and civil society to value cooperatives as agents of change towards a more just and sustainable future.

At the international level, there are multiple experiences of cooperativism and its impact on health, food, education, employment and working conditions, housing conditions, social security and human rights, aspects referred to by Bastidas Delgado (2024).

In the present issue it is addressed various topics related to food security, leadership, tobacco production, community work, among others, which are directly related to local development and where it is necessary to address issues related to the control of resources allocated to these purposes and that contribute to the fulfillment of the cooperative nature and essence.

In this sense, we will refer to auditing processes where different types or classifications are evidenced according to their objectives. Since the first decades of the twentieth century, there is evidence of a new type of audit, which at the end of it acquires greater connotation, especially in European and Latin American countries, which is called Social Audit. The development of this in recent years has been aimed at increasing social benefits, becoming a means for strengthening democracy and the fight against corruption and illicit enrichment.

This audit not only evaluates, measures and controls social management, but also seeks to do so on political and public administration management. It includes the active participation of civil society organizations in the audit of public management and is still called social, as it originates from civil society.

In the vast majority of countries, there is widespread concern about the destination of resources used in the framework of national and international policies to reduce poverty and/or meet the economic, social and cultural needs of the population. An alternative to suppress this concern is the practice, use and development of Social Auditing to seek solutions to this problem, based on the achievement of a greater impact of policies, programs and projects, which are monitored by the citizens themselves.

Generally, Social Audit is a term used to refer to a series of citizen practices of public monitoring, which are used in different countries for similar practices and with a conceptualization that tends to the same end.

By making an assessment of the definitions studied and considering their points of coincidence, the following concept is expressed:

Social Auditing constitutes a classification of auditing carried out with the participation of citizens to ensure surveillance, monitoring and evaluation of the management of various state or private instances, with the objective of obtaining better levels of efficiency, effectiveness and transparency, in the use of resources of social destination, which contributes to the prevention and identification of inadequate actions.

What basically differs the Social Audit, in relation to other forms of monitoring and control, is that it is performed with the direct participation of the population, the citizens, excluding the State and any of its institutions as the authors of the same.

The Social Audit, being an exclusive task of the citizens, excludes by definition the State, that is, it must be independent of it. Its autonomy from the state is given by the fact that it is not part of any state structure, and that the whole process is led by the citizens who are the promoters and performers of it.

It is recognized that the higher the level of autonomy, the greater the authenticity and legitimacy of the Social Audit instances. "The efficiency of social control is directly dependent on the independence and autonomy that social subjects maintain with respect to state actors. Therefore, social control must be external to the Public Administration. Autonomy is an attribute that conditions the authenticity of social control" (Cunill Grau, 2007).

It is proposed that it should be independent from the State as a whole, considering both the organizations to which social audits are performed, those in charge of carrying them out, as well as other public institutions. International experience in this regard points to the need for a joint and coherent work program between social auditing bodies and the State agencies in charge of control.

The limits between the independence of social auditing organizations with respect to official control bodies and the necessary coordination between the two are difficult to establish in practice, since the latter have more resources, technical personnel and information and, on some occasions, finance the social control activities carried out by citizens. This is why it is suggested that it will be very difficult to establish this independence completely in practice.

The principle of autonomy must be maintained as a distinctive feature of social auditing and as a basic condition for its authenticity and legitimacy. This calls for the need for a constant effort of the social control instances to preserve and increasingly strengthen their independence from the State;

likewise, it is necessary the self-supervision of the State organs to establish relations of respect and horizontality with the Social Audit instances, explicitly stimulating their autonomy, the careful design of legal institutional resources that strengthen the processes and at the same time promote their independence and the objective evaluation of progress or setbacks and the broad discussion of the results.

The need to measure and quantify the achievements reached by the company in a determined period of time promotes the need for the emergence of the Management Audit, which emerges as an effective way to organize the company's resources with the purpose of obtaining a better performance and productivity.

The need for management to know to what extent it is complying or not, with its goals and objectives, has led to evaluate whether the plans are being fully executed, which is an essential part of the administrative process, since, without control, the other steps of the process are not significant, so that, in addition, the audit goes hand in hand with the administration, as an integral part of the administrative process and not as another science apart from the administration itself.

Management auditing by its approach involves a systematic review of an entity's activities in relation to certain objectives and goals and, with respect to the efficient and economical use of resources. Its general purpose can be seen as the identification of opportunities for improvement and the evaluation of the performance of such improvements.

It is also known as the independent assessment of all operations of a company, analytically, objectively and systematically, to determine whether acceptable policies and procedures are carried out, whether established standards are followed, whether resources are used efficiently and economically and whether the objectives of the organization have been achieved, in order to maximize results that strengthen the development of the company.

This audit responds to economic objectives (utility, feasibility, effectiveness, cost reduction, profit), social objectives (qualitative and quantitative growth, competitiveness, full employment, reduction of risks to life) and ecological objectives (maintenance of the balance and protection of the landscape, economic use of resources).

The Management audit provides an opinion on administrative and operational aspects, expressing the degree of effectiveness and efficiency with which material and financial resources have been used

through operational controls and corrective actions, which promotes the development of abilities to identify the causes of the occurrence of undesirable effects in administrative management.

This audit contributes to improve the effectiveness of the administration, to reduce costs and increase profits, to make the best use of human and material resources, to accelerate the development of the entities towards efficiency, in addition, it always seeks a continuous improvement of the plans and procedures to achieve the objectives for which the company was created.

Management audits constitute a fundamental tool to evaluate the level of efficiency, effectiveness, economy and ethics in social responsibility, as well as to measure the degree of compliance with business objectives (Capuz Velasco & Peñaloza López, 2023).

After having assessed theoretical and methodological aspects on the role and scope, management audit and social responsibility, as well as noting the particularities and essence of cooperative enterprises and the social responsibility they assume, it is that the conceptualization of a new type of audit that suits these companies in fulfilling their social responsibility and where its executors are the owners themselves, which was called Cooperative Social Management Audit, was conceived.

Coinciding with ISO 26000:2010, where it states: Effective performance on social responsibility, as in most of an organization's initiatives, depends in part on careful monitoring, evaluation and review of activities undertaken, progress made, realization of identified objectives, resources used and other aspects of the organization's efforts. It is considered that, in order to comply with the administration process and its new trends and, in general, with the principles of cooperativism, it is necessary to have registration and control tools, such as financial accounting with its balance sheets and statements, whose objectivity is evaluated through financial audits, which are currently joined by social accounting and balance sheets, which should be complemented with the implementation and application of Social Management Audits in the different existing associative forms.

There are countless experiences on Social Responsibility, Social Audit and Management Audit, but an audit is needed that manages to harmoniously combine the essential aspects of them, so a new modality is proposed, the Cooperative Social Management Audit defined as: That internal audit that allows a cooperative company to examine and evaluate the management process of cooperative social responsibility, with the purpose of contributing to the elevation of the levels of economy, efficiency and effectiveness, and the impact caused on the people linked to it, as well as to verify compliance with the provisions of its General Assembly of Members.

This definition allows us to affirm that we are in the presence of an audit promoted internally by the entity, in this case a cooperative company. Evaluating its social management would mean assessing its capacity to carry it out, assessing the performance of the management that has been carried out, determining whether there has been a correlation between these two elements and finally assessing the impact produced on the people linked to it.

This could imply the effective performance of its members with respect to their social responsibilities, which is only possible when it has provided analysis, evaluations, recommendations, advice and information at a reasonable cost.

The Social Management Audit considers the combination of perception mechanisms of all those involved and its culmination should result in improvements of an institutional nature, but fundamentally social, which constitutes a process through which the entity is accountable for its social management, but that this management translates into solutions to needs included in its target social market.

Accountability explains the results achieved and the final balance of the management carried out, that is, it is a way of assessing whether or not what was planned has been fulfilled.

Cooperatives render accounts of their management and social responsibility to their members and employees at the General Members' Meetings, which are convened monthly, so this information flows systematically. For the members of the community, the District Assemblies of the People's Power, where the cooperative company's directors participate, constitute the ideal framework for this purpose.

The possibility of rendering accounts of the social management of a cooperative company will only be possible when there are records of this activity, as well as the pertinent information that evidences how its management is being executed.

When evaluating social management and finding a lack of comprehensiveness, it reveals the fulfillment of objectives and policies outlined, as they are aimed at solving problems mainly linked to economic-productive activities (Mancilla Rendón & Saavedra García, 2015).

The purpose of conducting a social audit is to build a social balance sheet (Asencio Gallardo, 2015), i.e., it gathers, systematizes and evaluates the information that forges social impact on the

organization, likewise, it addresses positive and negative impacts of the period under analysis, and includes relevant aspects of social responsibility.

It is noted that the Social Audit is performed by citizens, i.e., any citizen who wishes to do so, independently or by forming organizations for this purpose. To perform the Cooperative Social Management Audit, professional auditors are required with additional training in:

- Cooperative doctrine
- Cooperative Social Responsibility
- Cooperative Social Responsibility Management Model

The members of these companies and the community in general participate and contribute in the execution of these audits, mainly in the provision of certain information, in the contribution of their considerations and criteria about the social benefit generated by the management carried out by their entity for these purposes. These actions are decisive in this type of audit.

The Cooperative Social Management Audit improves the procedures and performance of the administrations, as well as the strengthening of the democratic nature of these companies, by giving the possibility of direct participation to all members in their management to achieve the objectives set for social purposes, also considering the population not linked to them through labor.

Among the potentialities offered by these audits, we can mention the following:

- They contribute to maintain the cooperative nature and essence.
- They strengthen the educational processes and, particularly, the cooperative education, raising the cooperative culture.
- They make it possible to detect reserves to satisfactorily fulfill the proposed objectives and/or assume new commitments.
- They favor an adequate functioning of the administration, fundamentally with respect to its transparent performance in the management of resources, the fulfillment of the functions entrusted and the achievement of the objectives set.
- They strengthen the confidence of all those involved, as they provide an appropriate framework for expressing their criteria, which constitutes a means of active and direct participation.
- They are a complement to research, evaluation and control.

- They contribute to the economic and social improvement of the communities in an integral manner.
- They contribute to the correct administration and stimulate the leaders to maintain their authority.
- They demonstrate the true value of their social performance actions carried out by the administrations.

Based on the aforementioned potentialities, the great usefulness of this social management audit is reaffirmed, since:

- It makes it possible to follow up on investments and administrative procedures so that they are executed as clearly as possible.
- It facilitates communication between the cooperative enterprise, the organs of the State Administration and the communities, in relation to the organization, execution and supervision of the local development activities that are carried out.
- They prevent difficulties from arising in the administrative, productive and service provision processes and ensure that their actions benefit both the entity, its members and the community's population. In the event that aspects that interfere with them arise, it guarantees the rectification and/or adoption of actions that make it possible to correct them promptly.
- Increased control and use of material, human and financial resources, particularly those destined to the improvement of the standard of living of the members and the community.
- Increase and expansion of jobs, whether or not directly related to the core business.
- Increased levels of efficiency and effectiveness in the activity being carried out.
- Increased quality of life for members, their families and communities.
- Increased sense of belonging and job stability.
- Stable and organized attention to vulnerable groups.
- Increased incorporation of women and young people into the workplace.
- Improvement of the lives of retired and elderly people in the community.
- It contributes to decision making.

The above demonstrates the need to adopt this audit fundamentally with a preventive and corrective approach, so that the objectives are achieved effectively, preventing the occurrence of incorrect facts

in the use of resources intended to ensure Cooperative Social Responsibility, through timely warning and the promotion of spaces for its assessment, analysis and timely rectification.

The Social Management Audit is a concrete way of contributing to local development, defined as the capacity of a given territory to produce change and sustainability of the processes carried out therein. In this sense, its function is not limited only to the scope of the cooperative enterprise, but to its entire scope of action.

The Cooperative Social Management Audit translates into an essential practice that contributes to the improvement of relations between the entity and the members of the communities and makes it a reality. This audit enhances the possibilities of a locality by making it more democratic and participatory.

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