

Cost or Investment? A Social Accounting Analysis of Employee Welfare

¹ Fety Widiанти Aptasari, ² Muhammad Helmi Falah, ³ Baiq Krisnina Maharani Putri, ⁴ Ely Windarti Hastuti, ⁵ Khairul Mujahidi

^{1,2,4,5} Accounting Department, Economic and Business Faculty, Mataram University, Indonesia

³ Fisheries Agribusiness Department, Tual State Fisheries Polytechnic, Maluku, Indonesia

¹*email: fetyaptasari@staff.unram.ac.id

ABSTRACT

This study aims to analyze how employee well-being is interpreted and represented in social accounting practices, particularly in the debate over whether employee-related expenditures are positioned as costs or investments. This study uses a qualitative approach with a case study design at PT Unilever Indonesia for the 2022–2024 period. Data were obtained from annual reports and sustainability reports, then analyzed using thematic content analysis to identify patterns in narratives, measurement, and accounting recognition related to employee well-being. The results show that the company consistently allocates resources for fair remuneration, competency development, occupational health and safety, mental well-being, and diversity and inclusion. These practices are supported by measurable and transparent quantitative indicators. However, all employee-related expenditures remain recorded as operating expenses in the financial statements. This finding reveals a duality of representation: strategically, well-being is framed as an investment in human capital, but technically, accounting still treats it as a current-period expense. This research emphasizes the importance of developing a more humanistic social accounting approach to representing human value within organizations.

Keywords: Employee welfare; social accounting; human capital; costs; investment.

Submitted: Maret 2, 2026

Revised: April 29, 2026

Accepted: May 18, 2026

INTRODUCTION

The development of the global business environment has shifted corporate orientation from purely profit-driven objectives toward more sustainable and socially responsible practices. In this context, employee well-being has emerged as a central issue, not only as a moral obligation but also as a strategic factor influencing organizational performance and long-term sustainability. Prior studies indicate that employee well-being contributes to increased productivity, job satisfaction, and organizational performance, suggesting that it should be actively managed and measured rather than merely reported (Koniczny, 2023; Anand et al., 2024; Kumari & Gope, 2025).

Empirical research has consistently demonstrated that investments in employee welfare – such as fair remuneration, training, occupational health and safety, and mental well-being – positively affect employee motivation, retention, and firm performance (Rahman & Tahseen, 2023; P & Kandavel, 2025; Abinaya et al., 2024). From a theoretical perspective, human capital theory explains that expenditures on employees can generate future economic benefits, positioning them as strategic investments rather than mere costs (Grugulis, 2024). Similarly, social accounting perspectives emphasize that organizations should account for their social impact, including the well-being of employees, as part of value creation beyond financial profit (D'souza, 2014; Moreeva & Ananchenkova, 2023).

Despite this growing body of empirical and theoretical support, conventional accounting practices still classify employee-related expenditures – such as salaries, training, and welfare programs as operating expenses that reduce current-period profit. This treatment is justified by accounting principles such as prudence and reliability of measurement. However, it creates a conceptual inconsistency: while management and sustainability narratives increasingly frame employees as strategic assets, accounting systems continue to represent them as costs.

This inconsistency highlights a critical research gap. Existing studies have largely examined employee well-being either from a performance perspective (linking well-being to productivity and organizational outcomes) or from a conceptual standpoint (discussing human capital and social accounting frameworks). However, limited research has explored how employee well-being is simultaneously interpreted, communicated, and represented within accounting practices, particularly in terms of the tension between its strategic framing as an investment and its technical recognition as a cost. In other words, there is still insufficient understanding of how this duality is constructed within corporate reporting.

Furthermore, companies actively construct narratives of commitment to employee well-being through sustainability reporting, often supported by quantitative indicators and persuasive disclosures. While these narratives suggest that employee welfare is treated as a long-term investment, it remains unclear whether such claims are reflected in accounting measurement and recognition. This creates a potential gap between symbolic representation (narrative disclosure)

and technical representation (financial reporting), which has not been sufficiently examined in prior research.

Unilever represents an appropriate context for addressing this gap, as it is widely recognized for its strong commitment to sustainability and human capital development. The company consistently emphasizes employee well-being as a key pillar of its business strategy in its annual and sustainability reports, particularly during the 2022–2024 period. This provides an opportunity to analyze how well-being is not only communicated but also measured and recognized within accounting practices.

Based on this background, this study aims to explore how employee well-being is interpreted and represented in social accounting practices, particularly in the debate over whether employee-related expenditures are positioned as costs or investments. By examining both sustainability narratives and financial reporting, this research seeks to uncover the duality in the representation of employee well-being and contribute to the development of a more humanistic perspective in accounting.

LITERATURE REVIEW

1. Social Accounting and the Representation of Human Values in Organizations

Social accounting developed in response to the limitations of conventional accounting, which focuses on financial performance and shareholders. Social accounting is a systematic approach to evaluating the impact of an organization's actions on society, integrating stakeholder input into financial statements (D'souza, 2014; Zaidi, 2012). This perspective views companies not only as economic entities but also as social entities responsible for the people within them. Therefore, an organization's value is measured not solely through profits but also through the social impact it generates, including employee well-being.

In conventional accounting, employee-related expenses are recorded as operating expenses due to the principle of prudence and reliable monetary measurement. However, social accounting views these expenses as part of the creation of long-term social value. Thus, employee welfare

becomes a space for reflection on how the accounting system represents people, whether as a production cost or as a source of organizational value.

2. Human Capital Theory

Human resource theory suggests that individuals can increase income by investing in education, skills, and health, similar to how organizations increase productivity through investment (Grugulis, 2024). Investments in training, workplace safety, and mental well-being are seen as enhancing productivity, loyalty, and long-term company stability. Although conceptually these expenditures have investment characteristics, accounting standards do not recognize them as assets because companies lack full control over people and their economic benefits are difficult to measure reliably. Consequently, a paradox arises between the managerial view that views employees as strategic assets and accounting practices that continue to classify them as current-period expenses.

3. Conceptual Development: The Duality of Cost and Investment in Social Accounting

Based on a synthesis of social accounting and human capital theory, this study develops the idea that employee well-being is represented through two simultaneous logics. Strategically, companies frame well-being programs as investments in human capital that support business sustainability. However, technically, the accounting system still recognizes these expenditures as operational costs. Costs are typically viewed as expenditures that deplete financial resources, while investments are viewed as expenditures that generate future benefits. In social accounting, this distinction becomes blurred because social costs can also be viewed as investments in social capital when they lead to community benefits (Cifuentes & Cuesta, 2021). This distinction creates a duality of representation between social meaning and accounting recognition.

METHOD

This research uses a qualitative approach with a case study design at PT Unilever Indonesia from 2022 to 2024. This approach was chosen because the research objective was not to test causal relationships or measure statistical effects, but rather to gain a deeper understanding of how the company interprets, discloses, and measures employee well-being from a social accounting perspective. The data used were annual reports and sustainability reports.

Data collection was conducted through documentation by thoroughly reading employee-related reports. The steps involved identifying employee-related topics such as people, talent, wellbeing, safety, training, and diversity. Next, narratives were compiled explaining commitments, policies, and welfare programs. Quantitative data related to employee costs, training hours, workplace safety, wage ratios, and employee satisfaction were also collected. Finally, information was grouped to demonstrate how the company links these programs to its long-term value.

Thematic content analysis was used as a data analysis tool through the identification, grouping, and interpretation of meanings emerging from the narratives contained in the Company's reports. The analysis focused not only on what the Company disclosed, but also on how employee-related expenditures were measured and represented. This was aimed at answering the research questions, so it was not only used to assess the good or bad of the Company's policies, but also used to understand how employee well-being was interpreted, measured, and represented in social accounting practices. This approach allowed researchers to capture the meaning behind the numbers, while also understanding how the company framed human resource expenditures as part of its organizational sustainability strategy.

RESULT AND DISCUSSION

This study found that PT Unilever Indonesia represents employee well-being through five key themes: fair-based remuneration, human capital development, OSH commitment, mental well-being and work-life balance, and diversity and inclusion strategies. These five themes are presented not only as normative narratives but also accompanied by measurable quantitative indicators and year-over-year increases in cost allocation.

However, a closer look reveals a duality in how companies position their employees. Technically, in accounting, all welfare-related expenses are recorded as operational expenses. However, strategically, companies frame these expenses as long-term investments in human capital. This duality is the central focus of this research.

Results

PT Unilever Indonesia conveys employee welfare which is framed in the following themes:

1. Recognition and Measurement of Fairness-Based Remuneration

PT Unilever Indonesia transparently discloses the amount of remuneration and benefits, which are then recognized as employee costs. During the 2022-2024 observation period, employee costs increased, from IDR 1.76 trillion to IDR 2.04 trillion, reaching IDR 2.31 trillion in 2024. This increase was not due to an increase in the number of employees, but rather to a decrease in the number of employees accompanied by higher-than-standard wages. Furthermore, massive investment in training, benefits such as health insurance exceeding the statutory provisions, and mental health support through Naluri (a digital platform) to provide employee consultation services contributed to the increase in employee costs.

Although the Company transparently discloses aggregate figures, it explicitly explains that due to confidentiality reasons, it cannot yet disclose the compensation ratio between the highest and lowest income levels. Regarding measurement, the Company compares it with legal standards, such as the explanation that the lowest salary limit at the head office is recorded as 14% higher than the minimum wage. Information regarding gender equality, with a 1:1 ratio of women's wages to men's wages, indicates that the Company does not discriminate against gender.

2. Transforming Training Costs into Human Capital Investments

PT Unilever Indonesia believes in the principle of "People with Purpose Thrive," which explains that employee development is a crucial investment to ensure the Company becomes a Future Fit organization. The company developed a 70-20-10 strategy for employee development by providing training programs that focus on improving general skills, functional skills, and leadership skills. Strategy 70 is carried out through practice and direct assignments in the field, then strategy 20 is carried out through mentoring through assistance and interaction with superiors, and strategy 10 is carried out through traditional learning through classes and training modules.

The actual implementation of the company's principles is evidenced by the significant increase in employee costs and training hours in the sustainability report. The company uses quantitative and qualitative metrics to measure the effectiveness of its HR development

investments. Quantitative metrics show an increase in total learning hours from 32,790 hours (2022) to 56,917 hours (2023), and a dramatic jump to 173,939 hours in 2024. This investment is also measured by the percentage of employees possessing future skills, reaching 40.30% in 2022. This record demonstrates that HR development is not merely an administrative expense, but a strategic investment monitored through digital platforms such as Degreed.

3. Commitment to Occupational Health and Safety (K3)

Unilever's narrative of a safe workplace is framed within its Vision Zero ambition of zero fatalities and serious injuries. Accounting and social reporting practices measure this commitment through the Total Recordable Frequency Rate (TRFR) and safe working hours metrics. By 2024, the company recorded zero fatalities and a TRFR of 0.41 employees, achieving 16,668,040 safe working hours in its factories. Operational costs for physical health facilities, clinics at each factory, and the provision of personal protective equipment (PPE) are transparently recorded and verified by third parties such as TUV Rheinland to ensure the credibility of the data.

4. Measuring Mental Well-Being and Life Balance

Mental well-being and work-life balance are crucial for productivity and talent retention. These aspects are framed within the Wellbeing Framework, which encompasses nutritional, physical, mental, and life purpose aspects. The company also supports working mothers to work from anywhere (WFH) so they can still fulfill their responsibilities to their families. This is further supported by the provision of tangible benefits such as four months of maternity leave for mothers and three weeks for fathers, measured by a 100% return to work rate. The company also has a digital-based mental health counseling program available 24/7 through the Naluri app, with confidentiality guaranteed by the company.

PT Unilever believes that embracing people from diverse backgrounds and diverse backgrounds strengthens the company in many ways, creating an inclusive culture that values unique perspectives, experiences, and talents. In social accounting, the cost-effectiveness of the company's programs is measured through the Univoice score, which in 2023 recorded a well-being satisfaction score of 84%. The company also invests in digital technologies such as the Naluri app for health support, the costs of which are recognized as part of efforts to improve the company's talent resilience.

5. Accountability in Diversity, Equity, and Inclusion Strategies

Unilever states that Diversity, Equity, and Inclusion are the foundation of innovation and productivity. This is supported by transparent leadership structure measurements, with women's representation at the senior management level reaching 44.8% in 2024 and at the Board of Directors level reaching 55% in 2023. Furthermore, the cost of accessibility for facilities for people with disabilities is recognized in the report, with 90% of head office facilities now disability-friendly. This social accounting practice demonstrates that the company allocates a specific budget for programs such as the YOU-STEP! scholarship for students with disabilities, a concrete manifestation of framing social costs into inclusive social values.

Based on the findings outlined in the five analysis themes above, PT Unilever Indonesia recognizes employees through two complementary approaches in its social accounting practices, technically recorded as costs but strategically framed as investments. The company explicitly recognizes and records funds spent on employees within the operational expense category, which includes salaries, benefits, health insurance, and other welfare funds.

Discussion

1. Employee Welfare within the Boundaries of Accounting Standards

Research findings reveal a fundamental tension between how companies interpret employee well-being and how their accounting systems represent it. In sustainability reports, employee well-being is framed as the foundation for the company's long-term sustainability and success. However, in financial statements, all expenses related to salaries, training, healthcare, and well-being programs remain recorded as operating expenses, reducing current-period profits.

Conceptually, this practice is fully aligned with applicable accounting standards. Human capital does not meet the criteria for asset recognition because it cannot be fully controlled by the company, cannot be considered a company commodity, and is difficult to measure reliably in monetary terms. However, several studies have shown that employee well-being is considered an investment rather than a cost (Akshara, 2025; Abinaya et al., 2024). Increased employee satisfaction, productivity, motivation, and retention ultimately contribute to organizational success and constitute an asset for employees (P & Kandavel, 2025; Abinaya et al., 2024).

Roekhudin's (2023) research suggests developing a human resource accounting model that treats people as assets, emphasizing their role in achieving human well-being and aligning with spiritual values. Strong employee well-being practices correlate with higher corporate cash holdings, suggesting that investing in employee well-being can be viewed as a strategic expenditure (Ghaly et al., 2015). Employee well-being is also considered a wise investment, as it enriches employees' lives, increasing their satisfaction and effectiveness. While it may initially appear as a cost, it ultimately yields profitable returns in the form of greater efficiency (Nowell, 2022).

Conventional accounting operates within the logic of prudence and objectivity of measurement. However, this logic also has the consequence that the social value inherent in humans is never truly recorded on the balance sheet. Employees may be considered the greatest asset, but they are never truly treated as such in the reporting system. This demonstrates that accounting practices still operate within the financial capital paradigm, while human capital resides in the realm of narrative, not recognition.

2. Investment Framing and Legitimation Strategy

Although recorded as an expense, companies consistently frame employee spending as a strategic investment. The framing of employee investment and legitimacy strategies in sustainability reports utilizes quantitative data and is narrated with emotional storytelling to build trust (Kurniawati et al., 2025). This framing demonstrates an effort to build alignment between business strategy and social responsibility. However, at the same time, this framing can also be interpreted as a legitimation mechanism. Symbolic legitimacy strategies dominate in sustainability reports (Hahn & Lülfes, 2013).

In the context of increasing public expectations for sustainable business practices, companies need to demonstrate that they are not simply pursuing profit but also caring for the people within their communities. The investment narrative bridges the gap between moral imperatives and economic interests. However, this narrative can lead to greenwashing (Kurniawati et al., 2025), as it becomes a corporate strategy to enhance its image through claims of environmental friendliness. The question then becomes not whether companies are sincere, but rather whether this shift in language is accompanied by a paradigm shift. When well-being

is positioned as an investment, does a genuine transformation in human perspectives occur, or is it simply a shift to align with global sustainability discourse? This demonstrates that social accounting is not simply a matter of numbers, but also of meaning and representation.

3. Quantification of Human Well-being and Values in Companies

Companies are not only constructing narratives but also presenting quantitative metrics: number of training hours, workplace accident rates, satisfaction scores, gender equality ratios, and the percentage of women in leadership. The presence of these numbers increases transparency, strengthens stakeholder trust, and demonstrates the transformative role of people in sustainability performance (Anandhi et al., 2025). Well-being is no longer just a story; it is something to be measured and monitored. However, this measurement process also carries conceptual implications. When well-being is translated into indicators and scores, there is a risk that the intrinsic value of people becomes a performance variable. Mental health, for example, is no longer simply an effort to maintain employee dignity and work-life balance, but becomes a factor correlated with productivity and retention. In other words, people are still valued in terms of their contribution to organizational performance.

At this point, it's clear that concern for well-being often goes hand in hand with the interests of business sustainability. While well-being is acknowledged and given space, it's often understood in terms of how it helps organizations survive and thrive. This doesn't mean companies lack empathy or concern, but rather demonstrates that the current economic system shapes our perspective, viewing humans as individuals and as part of the productive process. Social accounting exists to expand this understanding, reminding us that humans are not simply numbers or factors of production, but individuals with dignity, needs, and hopes. However, these efforts still operate within the same economic structure, so finding the space to truly position humans as ends, rather than mere means, remains a shared challenge.

4. Implications for the Development of Social Accounting

These findings have important implications for the development of social accounting. First, further reflection is needed on how reporting systems can integrate social values more substantially, not simply through additional narratives outside the main financial statements. As long as welfare is only present in sustainability reports and does not influence the accounting

recognition structure, the dichotomy between costs and investments will persist. Second, social accounting needs to move beyond its reporting function to a transformational one. This means not only recording and disclosing welfare practices but also encouraging changes in how organizations interpret humans as subjects, not simply resources. This is where academic spaces have a crucial role: to critique and offer alternative, more humanistic frameworks.

Ultimately, the debate over whether employee well-being is a cost or an investment is not simply a matter of accounting classification. It reflects how companies, and even economic systems, view people. As long as people remain categorized as operational expenses, the claim that employees are our greatest asset will always remain a paradox. Yet, it is precisely from this paradox that social accounting finds its relevance as a space to question, reflect on, and perhaps one day transform the way we value people in organizations

CONCLUSION

This research shows that PT Unilever Indonesia consistently allocates significant resources to employee well-being through relatively fair remuneration, intensive competency development, a commitment to workplace safety, mental health support, and a diversity and inclusion strategy. These disclosures are not merely narrative in nature but are also supported by quantitative indicators that demonstrate systematic measurement and management. However, all welfare-related expenditures remain recorded as operating expenses in the financial statements. This finding reveals a duality of representation: strategically, welfare is framed as an investment in human capital that supports long-term sustainability, but technically, accounting still treats it as a current-period expense. This condition reflects the limitations of conventional accounting systems in substantively representing human social value.

Thus, the debate over whether employee welfare is a cost or an investment cannot be understood solely as a matter of accounting classification. This issue reflects how organizations interpret human beings within the modern economic framework. As long as reporting structures remain oriented toward recognizing financial capital, the value of human capital will be more present in sustainability narratives than in balance sheet structures. This research contributes by demonstrating that social accounting opens up space for reflection on this paradox and simultaneously encourages the development of a more humanistic reporting approach. Future

research is expected to expand the study object to several companies across industries to allow for a more comprehensive comparison of employee welfare representation patterns in social accounting practices

REFERENCES

- Abinaya, V., Amritha, S., Sumathi, G., Sujith, B., & Ranjith, R. (2024). Impact of welfare measures on job satisfaction of employees concerning the engineering industry. 256–259. <https://doi.org/10.4324/9781003606642-62>
- Akshara, S. (2025). A Study on Employees Welfare Practices at Synflix Pharmaceutical PVT LTD. *Indian Scientific Journal of Research in Engineering and Management*, 09(04), 1–9. <https://doi.org/10.55041/ijsrem45759>
- Anand, N., Lakshmi, V., Jena, S. K., Pundir, A., Lourens, M., & Prusty, A. (2024). Exploring the Link between Employee Well-Being and Organizational Performance. 11, 1–6. <https://doi.org/10.1109/tqcebt59414.2024.10545103>
- Anandhi, S, A.R.Jahnvi, Akhila.N. (2025). Integrating Human Capital into ESG Reporting: A Pathway to Sustainable Value Creation. *International Scientific Journal of Engineering and Management*. 4, 51-56. <https://doi.org/10.55041/ISJEM.ESEH009>
- Asriyanti, S., Febrianti, A. A., Wulansari, F. N., Mubarak, S., & Anshori, M. I. (2024). The Role of Human Resource Management Strategy in Increasing Employee Work Productivity. *Pusat Publikasi Ilmu Manajemen*, 2(3), 08–21. <https://doi.org/10.59603/ppiman.v2i3.388>
- Castrillón Cifuentes, J. A., & De León Cuesta, E. (2021). Retos actuales de la función social de la contabilidad. 36(68), 176–189. <https://doi.org/10.25100/CDEA.V36I68.7893>
- D'souza, S. (2014). Social accounting – an analysis. *Sai Om Journal of Commerce & Management: A Peer Reviewed International Journal*, 1(4), 11–15.
- Ghaly, M., Dang, V. A., & Stathopoulos, K. (2015). Cash Holdings and Employee Welfare. *Social Science Research Network*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2595124
- Grugulis, I. (2024). Human capital theory (pp. 93–99). Edward Elgar Publishing. <https://doi.org/10.4337/9781035308767.ch10>
- Hahn, R., & Lülfs, R. (2013). Legitimizing Negative Aspects in GRI-Oriented Sustainability Reporting: A Qualitative Analysis of Corporate Disclosure Strategies. *Social Science Research Network*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2290167
- Kumari, S., & Gope, A. K. (2025). Role of Employee Well-Being on Organisational Performance: A Review of Research. *Asian Journal of Management*, 158–163. <https://doi.org/10.52711/2321-5763.2025.00025>
- Kurniawati, E., Budiyo, B., & Raharjo, I. B. (2025). Sustainability Reporting: Framing Theory and Rhetoric Theory Perspectives. *International Journal of Accounting and Economics Studies*, 12(4), 399–411. <https://doi.org/10.14419/nmyz3j97>
- Konieczny, G., Kolisnichenko, P., Górska, M., & Górski, T. (2023). The role of well-being in sustainable corporate development of companies. *Economics, Finance and Management Review*. <https://doi.org/10.36690/2674-5208-2023-3-59-67>
- Murmylo, J. D. (2023). The concept of employee wellbeing as the basis of social responsibility of

- organizations. *Экономический Вектор*, 1(32), 18–21. <https://doi.org/10.36807/2411-7269-2023-1-32-18-21>
- Moreeva, E. V., & Ananchenkova, P. I. (2023). Some aspects of theoretical approaches to problematization of human capital measurement: expenditures or investments. *Učenyje Zapiski Rossijskoj Akademii Predprinimatel'stva. Rol' i Mesto Predprinimatel'stva v Èkonomike Rossii*. <https://doi.org/10.24182/2073-6258-2023-22-3-131-135>
- Nowell, L. (2022). Employee Welfare Provisions (pp. 473–494). IGI Global eBooks. <https://doi.org/10.4018/978-1-6684-2405-6.ch025>
- P, N., & Kandavel, R. (2025). Employee welfare measures: building a happier and healthier workforce. *EPR International Journal of Economics, Business and Management*, 210–213. <https://doi.org/10.36713/epra21280>
- Rahman, I. ur, & Tahseen, M. (2023). Analyzing Employee Well-being in Corporate Sectors: Data Insights and Statistical Findings. *Indian Scientific Journal of Research in Engineering and Management*, 07(03). <https://doi.org/10.55041/ijsrem18225>
- Roekhudin. (2023). Human Resource Accounting Toward Human Welfare. *Journal of Namibian Studies: History Politics Culture*, 33. <https://doi.org/10.59670/jns.v33i.609>
- Saiganesh, J. (2025). A Study on Workplace Well-Being & Worklife Balance. *Indian Scientific Journal of Research in Engineering and Management*, 09(04), 1–9. <https://doi.org/10.55041/ijsrem46153>
- Zaidi, M. (2012). Social Accounting in India. 1(1), 8–12. <https://www.longdom.org/abstract/social-accounting-in-india-1847.html>