



Research on Establishment of Accounting System for Safety Resources

Enzhu Li

School of Management, China University of Mining & Technology, Xuzhou 221116, China

School of Accounting, Shandong University of Finance, Ji'nan 250014, China

E-mail: lez11513@163.com

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Abstract

With the method of theoretical analysis, this thesis, combining the new managerial policies of economic resources invested to areas of safety production, the current severe actual situation of safety production, the negative social influences and the heavy economic losses of the accidents in production, demonstrates the necessity of establishing the accounting system for safety resources systematically. Meanwhile, the main features of the proposed new accounting system of the safety resources are analyzed and the connotations of this accounting system are also given by this paper. The main viewpoint of the author includes that accounting system for safety resources is used in all units with possible accidents in production and for reflecting and controlling the resources provided in preventing accidents and the entire process of estimating and compensating the losses caused by the accidents in production. On the basis of the connotations of this accounting system, the main functions of the new accounting system are also explained by the paper. The purpose of the author is to promote the innovation of accounting system of safety resources.

Keywords: Resource, Safety, System, Accounting, Accident

1. Introduction

Safety production is an important component of sustainable development, and is the symbol of social civilization and progress. The need on safety guarantee in production and life is one of the basic needs of human. The relationship between human and nature, economy and society, safety and production should be taken into consideration in economic development so as to create a safe, harmonious and civilized productive and living environment. This paper briefly discussed the establishment of accounting system for safety resources.

2. The necessity of establishing accounting system for safety resources

According to the basic rule of science development, social practice is not only the origin of accounting system for safety resources, but also the basis for the formation, development and improvement of accounting system for safety resources. People's basic need on safety guarantee in production and life is the reason for the putting forward of establishing accounting system for safety resources. The necessity of establishing accounting system for safety resources can be explained from the following aspects.

2.1 *The establishment of accounting system for safety resources is the inevitable result of social development*

With the development of society and economy, and the progress of science and technology, the traditional managerial function of financial accounting has evolved to some extent, specifically, the function of accounting management is gradually expanded, accounting management is providing service for more and more objects, and the accounting business is carried out in more and more fields. So it is necessary to study the problems in theory and practice of accounting from different angles, different levels and different orientations. Accordingly, there are new changes in accounting science, which will make it develop roundly and face up to new research object and research field. Accounting science will be enriched and improved and will bring up new branches after the struggle of theoretical and practical workers. Productive activity is the fundamental power of social development, safety production and the equilibrium of economic benefit and social benefit should be strengthened in order to guarantee the normal running of productive activity. The all-around control of safety production should be strengthened in order to realize the unification of economic benefit and social benefit. Under the guidance of management theory, accounting theory and safety economy theory, systematically studying the safety in production and corresponding configuration, management and accounting of safety resources, as well as the relating information disclosure rule will be a new subject in accounting science.

2.2 The establishment of accounting system for safety resources is the inevitable result of sustainable development

Sustainable development can be traced back to the bankruptcy of traditional development concept. In sustainable development, not only economic growth, but also resource, environment, social progress and the all-round development of human are the indexes to evaluate development. In 1984, Yining Lai, a famous Chinese economist, put forward a theory that a perfect economic growth should include the effective growth and reasonable configuration of material resource, human resource and capital resource (Lai, 1984). In 1992, the World Commission on Environment and Development (WCED) defined the sustainable development; briefly speaking, sustainable development means the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Human is the subject of social existence and development, and human's need includes various aspects. Maslow, the famous psychologist put forward that individual needs can be included in the levels of human needs, the basic need of human is physiological need, i.e. the need for clothing, food, housing and transportation, then it is the safety need, social needs, esteem needs, and self actualization needs. Maslow's "Hierarchy of Needs" reflects the diversified value system, and these values can not be reduced to single value. Similarly to all the things, safety production is a process, and the process includes different phases and specific development objectives, in addition, the content and emphasis of safety production will be different in different countries, areas and at different stages.

2.3 The establishment of accounting system for safety production is the inevitable demand of high-frequency accident in production

In recent years, data from international organizations indicate that production accident has become a world problem. In 1999, Kofi A. Annan, the former Secretary General of United Nations, pointed out at the World Occupational Safety and Health Conference held in Brazil that the economic loss caused by casualty accidents and occupational disease accounts for 4% of world GDP (Zhang, 2005). In 2003, International Labor Organization estimated that the number of people who died from serious production accidents in the world is 355 thousand (ILO, 2005). Production accident causes great harm to Chinese economy and sustainable development, including the following aspects:

2.3.1 Serious personal injury and economic loss

In recent years, over 100 thousand people died from variant accidents and occupational diseases, and 700 thousand people are injured by them, the economic loss estimated is 80 to 120 billion Yuan (Zhang, 2006). State Administration of Work Safety publicized on line in the beginning of 2007 that, from January 1st, 2006 to December 24th, 2006, there were 95 large accidents, in which over 10 people died, and a total of 1562 people died (State Administration of Work Safety, 2006). Production Accidents caused damage to life and health of present generations and future generations, and seriously endangered the human resource of China.

2.3.2 Shortage of human resource in relating industries

With the improvement of living standard in China, people's demand on safety production is becoming higher and higher. Chinese basic policy of family planning will be influenced if the situation of high-frequency production accidents and occupational damage is not controlled, because only child will be the main labor force in 21st century, several families and individuals will be influenced if a young man is injured in accident. Accordingly, it will be difficult for some high risk industries to hire workers and technicians, if the situation goes on, the development of some industries will be influenced.

2.3.3 The export of products meets "green barrier"

After China's entry into WTO, China should abide by the rules of international health and safety management system, enterprise should have safety production conditions and the product should measure up to the safety standard. China is becoming a "world factory", if the situation of safety production becomes "green barrier", Chinese foreign trade and global image of China will be directly influenced.

2.4 The establishment of accounting system for safety resources is needed by the enlargement of safety investment scale

In the era of knowledge economy, people depend on safety intensely and demand on safety urgently. The personal casualty and great economic loss caused by production accidents make human pay more attention to the economic meaning of safety. When attaching importance to the meaning of life and health, social benefit and economic loss should be paid attention to, so investment in safety resources should be increased. In order to establish long-term effective mechanism of safety production in high dangerous trades, strengthen financial management of the invested safety resources, and stick up for the interest of enterprise, employees and social public, in accordance with law and decision of State Council, Chinese Ministry of Finance and State Administration of Work Safety established Provisional Measures on Financial Management of Safety Production Expenses in High Dangerous Industries and Enterprises, which prescribed that enterprise should establish management system for safety production expenses. Safety production expenses is the capital specially used to improve on the conditions of safety production of enterprise, the capital should be set aside according to the standard and be listed in the cost of enterprise. The measure has come into effect since

January 1st, 2007; it is no doubt that enterprises will greatly increase the investment of various safety resources, accordingly the management and accounting of the large amount of investment will bring new challenge to accounting science.

3. The connotation and orientation of accounting system for safety resources

3.1 The connotation of accounting system for safety resources

Accounting system for safety resources is a management system to reflect and control the process and results of safety resources investment and estimation and compensation of loss in accident using multiple units, and the main unit is money. The main function of accounting system for safety resources is to provide accurate, timely and effective information for the users of safety accounting information. The information about input and usage of safety resources as well as the situation of production accident, loss compensation will help users to make corresponding decisions, which will be propitious to the improvement of economic benefit and social benefit of the whole process of production.

3.2 The orientation of accounting system for safety resources

The problems relating to accounting of safety production are usually discussed from the aspects of labor rights and social responsibility macroscopically or microcosmically.

Corporate social responsibility means that, in market economy, corporate should not only pursuit profit for the stockholders, but also think about the interests of people who will influence or will be influenced by the behavior of corporate. The interest of employee is the most direct and most important content of corporate social responsibility. Corporate social responsibility is not a new concept, it is put forward in 1920s, at that time, the expansion of capital brought about a series of contradictions, such as rich and poor differentiation, labor problem, labor and capital conflict (Liu, 1999), but no special study was carried out in the accounting of safety resources. Safety is a common problem of human, and is a practical problem corporate or industry has to face up to. So it is necessary to carry out study on the accounting of safety resources microscopically and to carry out study on the allocation of safety resources macroscopically. The orientation of accounting system for safety resources should be studied from the following angles.

3.2.1 Study on the influence of macro-economic factors on safety

Macro-economic factors include economic system, economic structure and economic development and so on; the influence of macro-economic factors on safety, and the relationship between macro-economic factors and human safety activity should be studied; the relationship between safety investment growth rate and the development speed of social economy should be probed into theoretically.

3.2.2 Study on the influence of production accident on social economy

Probe into the influence of loss in accident on social economy and find out the rule at different stages, in different areas, industries, departments, and in different technological level and productivity level. Probe into the theory and method to analyze and evaluate the accident and loss, find out scientific and accurate theory and method according to the characteristics of loss, so as to provide support for grasping the rule of the influence of production accident on social economy.

3.2.3 Study on the effect of safety activity

The contribution of safety to the human and society should be probed into scientifically, accurately and roundly, in other words, the rule of interests brought by safety should be studied. The interests brought by the realization of safety to individuals, corporate, the nation and the whole society will be of great significance for the establishment and programming of policy for investment in safety, and will be the necessary step to evaluate safety benefit scientifically.

3.2.4 Study on the benefit rule of safety activity

The benefit of safety has relationship with the benefit of production, but there are differences between the two concepts. The benefit of safety includes not only economic benefit, but also the social benefit of non value factors including health, stability, happiness etc. Hence it is difficult to evaluate the benefit of safety. Therefore, the rule of safety benefit, such as long-term effectiveness, complexity, should be studied carefully, the comprehensive benefit of safety should be revealed thoroughly so as to provide scientific evidence for evaluating and controlling the safe economic activity

3.2.5 Study on the financial management of safety resources

The method to argue about the feasibility of safety economy project, the investment policy of safety economy, the audit system for safety economy, the statistical method of loss and compensation in accident should be probed into with the purpose of using the limited appropriation reasonably and bringing the manpower, financial resource, and material resource invested into safety into play.

4. Conclusion

The established accounting system for safety resources will, on the one hand, provide accurate, timely and effective

information about the control of accident for users and help them make right decisions, on the other hand, make accounting develop with a new direction, the establishment of safety accounting system will accelerate the effective usage of the invested safety resources, and improve the productive situation and productive environment, in that way, the economic loss caused by production accident will be avoided, the economic benefit and social benefit will accordingly be improved, and in the end realize the sustainable development of society.

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