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Teaching Sustainability in an Accounting Classroom

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Methodology

The approaches applying sustainability concepts to accounting courses are from past teaching experiences from the authors regarding sustainability in accounting education. The limitations of this approach are there are no tests of their effectiveness other than their past successful use by the authors. The goal of the paper is to share ideas about the importance and how and where to present sustainability topics in an accounting classroom, but there may be different ways or areas that could be presented other than those discussed here by the authors.

Cost and Managerial Accounting

The largest area to promote sustainability concepts in an accounting classroom is cost and managerial accounting classes at both undergraduate and graduate levels. There are several ways to discuss it in relation to capital budgeting examples, the qualitative aspects of decision-making, ethics and case studies, green balanced scorecards, the triple bottom line, ISO 14000 environmental standards and life-cycle costing.

Capital budgeting involves examining investment decisions based on expected future financial results. Using an example of purchasing new equipment that is more energy efficient is an investment decision that can save money in the long-run as the savings represent future cash flows from the investment. Professors may use this example with net present value (NPV), internal rate of return (IRR), and payback. It also allows students to see that environmentally-sound decisions that promote sustainability can produce positive financial effects for an organization.

When teaching decision-making techniques such as make or buy decisions, special orders or dropping a segment or product, we examine the quantitative aspects of business decisions. Adding further discussion of the qualitative aspects of making business decisions adds a dimension to the learning experience of the students. For example, discussing why an environmentally friendly company may want to purchase a hybrid vehicle as a company car because it fits the image and because it is more sustainable.

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Auditing

Along with managerial and intermediate accounting, auditing also offers an area to share sustainability in the classroom. Auditing courses can address assurance services related to an organization's sustainability performance.

With the growing numbers of companies preparing CSR or sustainability reports, auditing and reviewing these reports by providing sustainability assurance services is a possible area of growth for Big 4 and smaller accounting firms (O'Dwyer & Owen, 2005). This could also be an area of career interest for students interested in promoting sustainability, the environment and greater global citizenship in business organizations.

Conclusion

There is a growing emphasis on sustainability in business today, and many companies include sustainability as part of their overall business strategy. Companies can benefit in many ways from including sustainability as a major part of the business including financial (Lev, Petrovits, & Radhakrishnan, 2010), reputation enhancements (Toms, 2002), and improvements in stakeholder relations (Ballou, Heitger, & Landes, 2006). Several organizations voluntarily prepare sustainability or CSR reports that detail their actions toward the environment and social actions. These actions can include everything from setting up recycling programs, improving efficiency to save energy, or using solar power for example.

Accounting faculty should find more ways to integrate sustainability into their curriculum and courses as this field continues to grow in importance both in the profession and in society. Educators may discuss sustainability in many areas of accounting including managerial or cost accounting, intermediate accounting, or auditing. Examples include using environmentally friendly examples in areas such as capital budgeting, discussing performance measures such as the Triple Bottom Line or the Green Balanced Scorecard, talking about social and integrated financial reporting, and mentioning careers in environmental auditing and audits of the company prepared sustainability or CSR reports.

As accounting professors, we should try to best prepare students for what they will see in the workplace, thereby showing students the importance of sustainability illustrates a greater worldview and global citizenship (Miedema & Bertram-Troost, 2015). By teaching them the importance of sustainability, we not only teach them accounting but show them how to be responsible citizens and thrive in a more sustainable future economy (Bell, 2016).

Sustainability will continue to grow in importance in relation to the accounting profession and society. Future research opportunities related to accounting and sustainability could include more research on the financial and reputational benefits to companies that practice sustainability. Additional research could also be completed based on the benefits of including sustainability as part of university accounting and business programs.

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