

INTRODUCING THE CONCEPTS OF SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY TO ACCOUNTING STUDENTS

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ABSTRACT

Business majors are future business leaders. As faculty, we have a responsibility to educate these students on important topics such as accounting, marketing, finance, shareholder value, corporate governance, etc. However, I also believe that we have a responsibility to educate our students in areas such as ethics, corporate social responsibility, and sustainability. Many top business programs around the country are making these topics part of the curriculum. Sustainability is an issue that is relevant to every person and is vital to the continued existence of the planet. This paper documents the effects of an in-class presentation and exercise designed to introduce accounting students to the concepts of sustainability and corporate social responsibility.

JEL: M40, Q56

KEYWORDS: Sustainability, Corporate Social Responsibility, Accounting Education

INTRODUCTION

Sustainability is an extremely important issue that affects everyone. In fact, it is vital to the continued existence of our planet. Sustainability is often defined as “the long term maintenance of well being” and it includes using resources responsibly. The Environmental Protection Agency defines sustainability as the ability to “... meet society’s present needs without compromising the ability of future generations to meet their own needs” (see <http://www.epa.gov/sustainability>). Sustainability has environmental, social and economic dimensions. Corporate Social Responsibility (CSR) can be defined as a business taking responsibility for the effects of its actions on the environment, consumers, investors, employees and the community.

As a business professor, I am concerned that our future business leaders are getting little to no education about sustainability and CSR issues. This paper describes a method that I use to integrate sustainability and CSR into accounting courses so that business majors are exposed to these important concepts as undergraduates. While I understand that most colleges and universities are not in the position to dramatically change the core of their business education, I do feel that they can take some steps to ensure that business students are exposed to sustainability issues during their business courses. I have successfully implemented modules covering the issues of corporate social responsibility and sustainability into my accounting courses. This paper describes the use of cases/exercises that can be integrated into existing accounting courses. I have found that after students are exposed to this topic, they have an increased understanding of the role of corporate social responsibility and also the students find the topic to be interesting. Students also anticipate significant job growth in the area of corporate social responsibility in the next ten years and feel that sustainable practices will be profitable in the long run for companies. Students strongly felt that corporate social responsibility/sustainability is important for business leaders.

The remainder of the paper is organized as follows. First, I present a review of the prior literature. Then, I discuss the method I used to incorporate sustainability into accounting courses at my university. Next, I present the results of a survey I administered to students in order to gauge the impact of the sustainability and CSR exercise. Finally, I discuss the implications of the paper, with conclusions and suggestions for future research.

LITERATURE REVIEW

Jabbour (2010) discusses the responsibility that institutions of higher learning have to research and educate students on sustainability issues. Fleishman and Schuele (2006) note that accounting education in the United States has not been successful in communicating to students that environmentalism is an issue for them as they face serving the public interest as well as consider the well being of the clients and stockholders that they serve. They suggest that accounting students should be exposed to “green accounting” at the undergraduate level. McKenna and Biloslavo (2011) go as far as to suggest that business education should be changed so that global sustainability is the core and economic sustainability is a subset. They suggest that business schools need to take some responsibility for the corporate scandals of the 1990’s and the financial collapse of the economy that started a few years ago and is rippling throughout the world. They argue that business education needed to be fundamentally reshaped so that profits are not the only focus.

Botes et al. (2014) investigated perceptions of both academics and graduates about the sufficiency of sustainability education in New Zealand. They find that both groups perceive a lack of sufficient depth in the extent and adequacy of sustainability education. In addition, they note an agreement that sustainability reporting should be included in accounting courses and that accountants have a role to play in sustainability reporting. All of the lecturers interviewed by Botes et al. (2014) indicated that accounting has a role to play in sustainability reporting. Seventy-two percent of graduates interviewed by Botes et al. (2014) agreed or strongly agreed that “Accountants should be part of business-wide teams that lead the way on sustainability reporting.” Some schools have been successful in creating more sustainability courses.

For example, Schwering (2011) notes that business educators can play a key role in fostering ecological awareness and corporate environmental responsibility. He also suggests the need for research to measure whether specific types of environmental and sustainability education in business courses are effective. Springett (2005) describes his postgraduate course in which his goal is to increase students’ understanding, values and action skills to work with others to improve the quality and sustainability of their natural and social environments, as well as to help students become informed, committed and active citizens capable of adopting a change-agent role in life and employment. Gundlach and Zivnuska (2010) describe an approach that they have used in business courses in which they bring an experiential learning approach into the classroom to teach triple bottom line accounting and sustainability. Marshall and Harry (2005) describe a course offered at Portland State University called “Global Business and Sustainability,” in which the interaction among economic, social and environmental issues is stressed. One goal of the course is to have students be able to better anticipate and manage a global corporation’s social and environmental issues. Von der Heidt and Lambertson (2011) note that sustainability skills are needed by managers and that both undergraduate and graduate business programs can incorporate these issues into their formal curriculum. They present a detailed examination of the sustainability curriculum at their university.

A study of the top 50 Global MBA programs revealed that a majority of the schools require the coverage of ethics, corporate social responsibility and/or sustainability (Christensen et al. 2007). Clearly, these topics are important to educators at top business schools, and their importance is likely growing each year. A recent study finds that audit client size and strength of corporate government have a significant effect on the decision to produce a sustainability report (Kend, 2015).

DATA AND METHODOLOGY

I developed a presentation and exercise for an introductory level Accounting course. Since all business majors should need to take at least one accounting course, this presents a great opportunity to expose all business majors to sustainability and CSR issues and integrate sustainability and CSR into the business curriculum at any college or university. The presentation and exercise is interactive and covers triple bottom line accounting (people, planet, profit); the Global Reporting Initiatives Framework (a globally accepted framework for expanded disclosure and reporting); and current practices in sustainability and sustainability reporting. The goal was to determine how students reacted to this type of presentation and exercise and document how students felt about these issues after being exposed to them.

When this presentation and exercise was used in the classroom, I found that the students were interested in the topic and many were surprised to learn that in a recent survey by KPMG, half of the executives surveyed indicated that they thought sustainable practices would definitely improve profitability for their companies. In the presentation, we discuss three needs for businesses: the need for financing solutions that will allow the longer term benefits of sustainability to compete with other programs with a higher short-term payback; the need for common measures, and underlying systems that produce credible information, to analyze the impact of sustainability programs; and the need for a clear and rigorous international framework of regulation within which companies can plan with confidence. In the presentation, I also note that, according to KPMG (KPMG, 2013), 93% of the world's biggest 250 companies issue some type of corporate responsibility report. KPMG also notes that it is becoming standard practice to have external assurance on corporate responsibility reports. I like to point out to my students that there will be a need for professionals to be able to provide this kind of assurance service.

As part of the exercise, we examine several examples of disclosures made in these reports and we also noted that many companies hire an external accounting firm to attest to the CSRs. We conclude by examining an example of an external accounting firm attest report on a CSR and noting that the opportunities for business professionals in the area of sustainability will be expanding more and more. Based on informal feedback from both students and faculty, the presentation and exercise has been well received. Faculty indicated that they themselves were interested in the topic, had learned from the presentation, and would like to incorporate this into their classes in the future.

RESULTS AND DISCUSSION

To formally measure the effect of this presentation and exercise, in the spring semester of 2013, I surveyed the classes exposed to the presentation and exercise and then also surveyed classes not exposed to the presentation and exercise as a control group. Students exposed answered ten questions with a response from 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree." Please see Table 1 for the results of the survey. Survey results indicate that the presentation and exercise was informative and effective and that students exposed had an increased understanding of the role of corporate social responsibility and also find the topic to be important. As evidenced by Table 1, students' understanding of corporate social responsibility/sustainability increased after the class exercise (Q1: mean response of 4.14). It is also important to note that students felt strongly that corporate social responsibility/sustainability is important for business leaders (Q3: mean response of 4.76). Responses indicated that students' understanding of corporate social responsibility and the role of the independent accountant in reporting on sustainability increased after the class exercise.

Table 1: Survey Results

Question	Mean	Standard Deviation
1 My understanding of the role of corporate social responsibility/sustainability has increase after hearing the presentation	4.16	(0.677)
2 My understanding of “triple bottom line” accounting has increased after hearing the presentation	4.17	(0.943)
3 I feel that corporate social responsibility/sustainability is important for business leaders	4.76	(0.465)
4 I feel that sustainable practices will be profitable in the long run for companies	4.60	(0.610)
5 It is important to have reporting standards in place for sustainability measures	4.48	(0.737)
6 It is important to have assurance standards in place for independent accountants to issue reports on sustainability measures	4.54	(0.591)
7 My understanding of corporate social responsibility increased after hearing this presentation	4.27	(0.807)
8 There will be significant job growth in the area of corporate social responsibility in the next 10 years	4.33	(0.741)
9 Corporate social responsibility/sustainability is a waste of time	1.57	(1.027)
10 My understanding of the role of the independent accountant in reporting on sustainability has increased because of this presentation	4.22	(0.870)

This table shows the results of a survey administered to accounting students after they participated in a class session on sustainability and corporate social responsibility. Questions were answered on a scale from 1 to 5, where 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree.

Another exercise that is useful in business courses involves using the real world example of Starbucks. Starbucks’ Global Responsibility Report can be used as an example and examined in detail, including the Independent Assurance Report from the external accounting firm Moss Adams. The exercise can include a requirement for students to read a recent article from the *Journal of Accountancy* titled “The Assurance Market for Sustainability Reporting” (May, 2013). The students are required to complete a case study in which they select a company that publishes a CSR and then answer a series of questions on the CSR and the related report from the accounting firm. This is an excellent opportunity to continue the study and dialogue about sustainability into an upper-level accounting course such as Auditing and Corporate Governance.

CONCLUDING COMMENTS

The purpose of this paper was to document the effects of incorporating sustainability and Corporate Social Responsibility issues into an accounting class. By having all of our business majors begin to think about sustainability, we are helping them on the path to becoming better corporate citizens and responsible business leaders. This can only benefit the students themselves and also society in general. I recommend that all introductory level accounting courses include at least one exercise on sustainability and the accountant’s role in corporate social responsibility. I also recommend that other business classes incorporate similar issues. Small steps like these can be the beginning of big change and have the potential to affect how our future business leaders think. Future research can further examine how academics can integrate the important issues of corporate social responsibility and sustainability into business courses, at both the undergraduate and graduate levels.

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ACKNOWLEDGMENTS

The author gratefully acknowledges the support of Rider University Research Leave.

BIOGRAPHY

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