



# ASSET

Accounting for Sustainability,  
Social and Environmental Transparency

## TEACHING MODULE 3

### Sustainability Management Accounting

OVERVIEW



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## TEACHING MODULE 3

# Sustainability Management Accounting

### Context

In the contemporary business landscape, there is an increasing emphasis on sustainability as a core component of corporate strategy. Organisations are under pressure from stakeholders, including investors, customers, regulators, and the community, to adopt sustainable practices beyond traditional financial performance measures. This shift has led to the development of Sustainability Management Accounting (SMA), which integrates environmental and social considerations into management accounting practices.

The purpose of this module is to provide students with a comprehensive understanding of how management accounting can support sustainability initiatives within organisations. Students will learn to use accounting tools and techniques to measure, analyse, and report on sustainability performance, helping businesses to make informed decisions that balance economic, environmental, and social objectives.

The relevance of this teaching module consists in raising the awareness among students regarding the following issues:

- *Corporate Accountability:* Companies are increasingly held accountable for their environmental and social impacts. SMA helps in tracking and reporting these impacts accurately.
- *Regulatory Compliance:* With stricter environmental regulations, businesses need robust accounting systems to ensure compliance and avoid penalties.
- *Strategic Advantage:* Effective sustainability management can lead to cost savings, improved brand reputation, and competitive advantage.
- *Investor Demand:* Investors seek transparent and comprehensive sustainability reporting to assess long-term viability and risk management.

*Consumer Preference:* Consumers prefer brands committed to sustainable practices, influencing purchasing decisions and loyalty.

### Students' tasks

This teaching module aims to integrate sustainability into management accounting by focusing on THE Balanced Scorecard (BSC) and Strategic Map for startups. Students will engage in lectures, tasks, and a competitive evaluation to understand and apply these concepts in a real-world context.

Students will be challenged with a case study based on a young, resource-limited business oriented toward growth and Environmental, Social, and Governance (ESG) principles. The entrepreneurial team needs formal tools to measure strategy implementation and support sustainability-oriented

growth. The board of directors decides to adopt the BSC methodology and hire a new General Director who is familiar with it. The new General Director is expected to integrate sustainability into the BSC and Strategic Map. Students will read the case history of the company, answer a questionnaire related to the company, design a BSC by integrating ESG considerations, choose 20 Key Performance Indicators (KPIs), and allocate 40 tokens to set priorities. After understanding the fundamentals of the Strategic Map, students will update their previously designed BSC and create a Strategic Map. Each group must deliver a 5-minute pitch and record the presentation. Finally, students are asked to evaluate other groups' presentations to choose the 'group-General Director' who has demonstrated the best skills and talent in applying the BSC methodology.

By performing these tasks, students will develop skills such as designing and implementing management control systems that incorporate sustainability goals, integrating financial and non-financial goals in strategic planning, and monitoring and assessing ESG performance using key performance indicators (KPIs).