



Accounting for Sustainability,
Social and Environmental Transparency

TEACHING MODULE 3

Sustainability Management Accounting

OVERVIEW

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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 is designed to integrate sustainability into management accounting by emphasizing the use of the Balanced Scorecard (BSC) and the Strategic Map (SM). Students are invited to assume the role of consultants, providing guidance to a company on how to embed sustainability objectives into its strategies and day-to-day operations. This involves the design, monitoring, and evaluation of sustainability initiatives using advanced management accounting tools, specifically the Balanced Scorecard and the Strategic Map. In doing so, students will experience how management control systems can be adapted to support both financial performance and environmental, social, and governance (ESG) goals.

Throughout the program, students will work collaboratively in teams to complete four structured tasks. Each task requires the preparation of a concrete output (e.g., PowerPoint, Word, Excel) that documents the team's analysis and decisions. These outputs will form the basis of class discussions and peer learning. At the end of the session, teams will present their proposals within their classrooms. The best four proposals will be shortlisted and advanced to the plenary session, where they will be presented to all participants. A final evaluation carried out jointly by teachers and peers will determine the winning team.

By engaging in these tasks, students will not only gain practical exposure to sustainability-oriented management accounting, but they will also develop essential skills and competencies. These include designing and implementing management control systems that explicitly incorporate sustainability objectives, integrating financial and non-financial goals within broader strategic planning processes, and monitoring and evaluating ESG performance using relevant key performance indicators (KPIs).

In addition, students will strengthen teamwork, critical thinking, and communication skills by collaborating with peers, defending their proposals, and pitching their ideas in competitive settings. This experiential approach ensures that participants leave the module with both technical expertise in management accounting tools and practical insights into how sustainability can be meaningfully embedded into organizational strategy.