

The Role of Accountants and the Accounting Profession in Achieving the Sustainable Development

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Abstract. *Sustainability, an increasingly addressed business principle, has begun to take place in modern business systems and become a focus for ways of assessing corporate performance in all three dimensions of the environmental, social, and economic spheres. Thus, the accounting profession and accountants have a key role in the core of active business for the achievement of sustainable development objectives. This aim at enabling financial and non-financial activities to be carried out in an honest way towards society the environment and according to universally valid principles that want to improve the quality of life and business.*

The literature frequently highlights the need to expand the evolution of sustainable development through various spheres of action. This paper intends to outline the current context on the contribution made by accounting professionals towards sustainable development and their efforts towards this direction. Using a qualitative research methodology, the initiatives organized by accounting regulatory bodies and representatives of the accounting profession will be analyzed. The aim of the current paper is to contribute to the literature in the field of finance and accounting by highlighting the role of accountants around sustainable development and presenting the various attempts, which have started from the accounting profession, to support the goals for sustainable development, presented in the framework of the 2030 Agenda for Sustainable Development - 2015 by UN.

Keywords: sustainable development, accounting profession, Sustainable Development Goals (SDG)

Introduction

This study focuses on highlighting the importance of accounting, accountants, and the profession in the area of sustainable development. Within modern research, the need to further explore the implications of sustainable development is noted. This topic falls under the umbrella of empirical research in financial fields such as accounting and management. (Nechita, E., 2019)

Deepening the analysis of the relationship between accounting and sustainable development, we note that it has had a fulminant evolution for more than 30 years, starting with a historical landmark of particular relevance to sustainability, namely, the exposition on the idea of sustainable development outlined by the Brundtland Report of 1987 (United Nations WCED). This document can be titled, as the first written guide that brings into discussion the correlation between caring for the environment and social development in a sustainable manner.

The most recent published version of the United Nations' global sustainable development was marked by the 2015 unveiling of the United Nations' Transforming Our World: the 2030 Agenda for Sustainable Development.

The following two objectives will be investigated in this study:

1 - Presenting the actual context and the importance of sustainable development objectives on academic level research, based on the storyline of sustainable development.

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2 - Qualitative analysis for the implications of accounting and the accounting profession in sustainable development processes.

In order to iterate these objectives, the paper will be designed according to the following ideas: the first section mentioned above aims to present the Sustainable Development Goals (SDGs) in an international-global context from a historical point of view. It will discuss the significance of these objectives and the placements of their focus areas. How to evaluate and quantify the SDG standards is also covered in this section. The secondary research objective mentioned, proposes to highlight the relevance of the topic of sustainable development in academic research for accounting. It will also present some of the efforts made by regulators and the accounting profession to implement and adopt proposals on actions towards sustainable development. These two sections will not be limited to the elements specified above, as the horizon of research on the implications of sustainable development in relation to the accountancy profession and accounting is limitless and constantly evolving. Sustainable development outlines numerous underdeveloped research directions, which provide opportunities for further academic research. Exposing the importance of financial accounting practices and the accounting profession, there are topics of interest for current studies and require appropriate in-depth study for detailed presentation of their key role and effects (Bebbington et al., 2017).

The structure of the paper will be divided according to the following sections, in the same mentioned order: structured literature review, applied research methodology and organization of the processed information, results and discussion on the qualitative analysis of the academic studies reviewed for the relationship between sustainable development – accounting. In the end will be presented the section of conclusions, that provides details on the general ideas obtained through this review and new research horizons.

Literature review

Defining sustainable development concepts and SDG targets

Staging and highlighting the real needs of today's society is a complex process that involves applying and respecting the principles of social responsibility. In the context of a globalized era and modern environmental challenges, more and more companies are starting to search for new opportunities to adapt their processes to sustainable styles and to be engaged in implementing sustainable mindsets.

Sustainability is defined as the ability to meet the needs of the present without compromising the ability of future generations to meet their future needs, according to the World Commission on Environment and Development. That means to use natural resources without depleting current stocks or causing irreparable damage to the environment. Sustainability brings into play the possibility of living in an unaffected, natural, sustainable world, where the severity of resource alteration is considered. In light of the fact that pollution levels have risen to dangerous levels and the assertions made by numerous researchers, like Rakesh K. et al. (2021), that protecting the environment is turning into a global priority. This effect is also seen on the economy level, as consumers of financial information are now also interested in sustainable business models that will allow them to care for present and future generations, rather than just to create a profitability. Sustainable development is described as "a development that must be realized without sacrificing the capacity for future generations to meet their own requirements" by Merendino et al. (2020). Hence, nowadays, sustainable development isn't just a fad; it's a fundamental need that must be established and implemented to meet the needs of the present and the future.

By the development of emerging economies, we have also seen different types of natural resource management that have not been sufficiently organized, and so the need has arisen to create initiatives for the development of a sustainable future. Since the 2030 Agenda- for a better world 2015, the United Nations presents 17 Sustainable Development Goals that have been eligible for an area of over 170 countries, within which the information and implementation phases have been started.

At the European Union stage, Directive 95/2014, brings into question the obligation for companies to apply a series of rules when carrying out financial and accounting reporting activities, in order to increase awareness of social responsibility and the application of sustainable techniques. This directive brings into the scenario for economic actors the need for non-financial reporting on the activity of entities for sustainable and social purposes. The GRI reporting standards are represented as a set of rules and recommendations that helps and support organizations to set non-financial objectives, but also to evaluate and manage the evolution of these actions over time, until the final goals are achieved. All businesses aspire to develop sustainable business practices that successfully strike a balance between profitability and social responsibility.

Sustainability reporting is currently in a process of evolution and shaping, as standards do not require certain structures, there are only recommendations where non-financial reporting is detached from financial and accounting reporting. Thus, for these reasons, integrated reporting has emerged in order to highlight the links between financial and non-financial reporting. The main purpose of these is to create a big picture of the value added by the company over time, based on a complex corporate strategy.

Sustainable development is the next step for modernization in the actual global context that supports the goals of sustainable development for a better future. Thereby this can be attained by gathering, converting, and analyzing data about sustainability risks, opportunities, and performances and by reporting it within the dynamic economic context. Corporate governance can be seen as management's efforts to overcome challenges that arise from a company's commitment to progress toward sustainability.

According to Meadows et al. (1972), the sustainability theory clarified that businesses must respond to society's priorities, namely its social, environmental, and economic well-being. However, this response must also be considering the requirements of both the present and the future generations because the planet's resources are becoming increasingly scarce according to a 1987 report by the Global Commission on Environment and Development. More people are using the leitmotif "sustainability," particularly in relation to corporate sustainability. Achieving a balance between the interests of present and potential stakeholders would increase business and investment, according to studies by Artiach et al. (2010) and Perner et al. (2020).

Although there are several definitions of sustainability, this is generally agreed that it is a broad notion that should be considered at the moment of evaluation of a corporation's performance and this shade needs to be quantified and made evident to the general audience (Siew, 2015).

Accounting and the accounting profession in the context of sustainable development

Today's society is in a state of continuous transformation and evolution, and thus sustainable development processes need to be changed and adapted in real time.

Accounting and the accounting profession have always been major players in the academic and development scene. According to the literature, the causality and interdependence of the partnership between accounting - the profession - the economic and financial development of academic research directions cannot be clearly delineated, as they are all around empirical scientific

research development (Venter *et al.*, 2018). This is applicable also for researchers in the economic field and for accounting regulatory bodies, which are making continuous efforts to stabilize the profession, the application rules and research developments in the economic space. Regarding the relation between accounting professionals and their involvement for sustainable development processes, we can note that the International Federation of Accountants (IFAC organization) argues that more than half of the 17 goals proposed by the United Nations, can be achieved and will progress also through the contributions of accounting professionals, thus we deduce that the accounting profession is a cornerstone that will contribute to the achievement of the goals outlined in Agenda 2030.

After the 1987 release of the Brundtland Report, studies on efforts to assure global economic sustainability just recently started to appear in the literature. Researchers felt the need to develop this side by which they wanted to present different directions of the relationship between accounting and sustainability Nechita, (2019). According to Venter's research, he highlights that starting in 1990 through the book *"Institutions, Institutional Change, and Economic Performance"* written by Douglass North, the author begins to achieve a dissemination between institutions and organizations. Institutions being considered as actors who can make the rules of the games and their applicability and in opposition organizations, being the players of the economic games. The author North D (1990) supported the idea that underdeveloped countries, or poor states are in these situations because of the rules imposed by state institutions, which do not offer the possibility of a fair flexibility or do not encourage a long-term productivity of organizations through various incentives or opportunities. These developments at institutional level can only be achieved when business representatives have the opportunity to negotiate with the public-political institutions of the states in order to be able to reshape the rules of the game, more precisely the laws and obligations and according to the needs of the market and entrepreneurs.

According to Hummel et al., (2017), the need for accountants to be involved in the affairs of economic institutions is unquestionable and permanent because market and financial needs are constantly changing. Soll (2014) highlighted that the duty of accounting experts has always been to make financial decisions advantageous to the firm, so decisions on the applicability of sustainability regulations can greatly influence the business of organizations.

One of the financial accounting subcategories that has grown rapidly over the past 20 years is social and environmental accounting, also known as sustainability accounting, as elemental accounting has lost its ability to translate critical data in the process of reporting based on the sustainability background. The users of financial information now have a better grasp of how the resources of the firms are handled in order to achieve their intended goals as well as sustainable growth thanks to this relatively new but crucial notion.

This branch of accounting is often thought of as a modification of conventional accounting since it permits a comprehensive reallocation of the issue of social, environmental, and effects of the implementation and risks, as well as their interaction in the principles of corporate accounting systems. The fundamental reason why the market value of a firm differs from the book value, for instance, is that not all of the elements that affect the company's worth are reflected in standard accounting, leading to a value gap. The degradation or improper management of the social, human, and environmental capital as well as corporate governance might be linked to this gap. As a result, financial reports need to go beyond financial statements in order to make sustainability monitoring and reporting easier. This fact improves our comprehension of risks and possibilities.

Three important points may be seen when we consider how accounting systems have evolved over time: traditional accounting, which primarily focuses on reporting the financial

implications of the enterprise, environmental accounting, which focuses on the economic effects of significant corporate environmental activities, and sustainability accounting, which aims to incorporate all three major pillars and their interactions. Using governance practices, accountability or transparency, stakeholder satisfaction, economic growth, and financial performance as an illustration, these are all topics covered by the economic side of sustainability accounting. The environmental component is in charge of all elements that indirectly or directly impact the environment, such as emissions, dangerous and non-hazardous waste, and recycling.

Last but not least, the social component addresses issues that emerge in society and have some bearing on how a firm is perceived, such as community investment, the protection of human rights and fair trade, conditions for workers, governmental policies, and anticorruption.

Methodology

A methodological approach based on a qualitative examination of the efforts made by accounting professionals, research in the area, and regulatory and standard establishing organizations was used to highlight the role of accounting and the accounting profession in sustainable economic development. The observation is based on a review of academic works and documents from the public domain that discuss economic sustainability, particularly as it relates to the accounting field.

The methodology used for the literature review is based on a strategy proposed by Flink (2010), who recommends using four phases to accomplish the goal by looking for trends in the literature. The first two of these four processes involved developing research questions and selecting keywords related to our topic of ERP and sustainable development. The next one involved excluding certain factors that might have an impact on our findings because of inaccurate data. The third phase included the use of methodological screening criteria in order to conduct a content assessment of the papers that were chosen, and the last step involved conducting a systematic review of the specialized literature in order to make the data being analyzed more comprehensible.

The stages listed below were used to update specialized literature on the subject:

1. Define two research objectives of this paper that will be achieved through a systematic review of the literature and will aim to present the current state of play in the public stage of the relationship between sustainability and accounting:

- To present the current context and the importance of sustainable development objectives within academic economic research, that is based the leitmotif of sustainable development;
- Qualitative analysis on the implications of accounting and the accounting profession within sustainable development processes.

2. Utilize key terms like "sustainable development", "accounting", "green accounting," "social responsibility," and "business sustainability", "accounting profession", to create preliminary research into academic resources as JSTOR, ScienceDirect, Elsevier, Web of Science, Scopus and E-information;

3. Choose works of literature that both address the theme of the investigation and meet the requirements for inclusion. A few aspects of sample selection are date range, language, publishing format, and place.

4. By evaluating the reliability of the sources, the rigor of the research techniques, and the applicability of the findings to the research topic, evaluate the quality of the chosen literature.

5. Sort the material into groups or thematic groups that speak to various facets of the study subject. The current state of sustainable development is the focus of one category, while the implications of accounting and the accounting profession for sustainable development processes are the subject of the second category.

6. Examine the literature to find recurring themes, trends, and knowledge gaps in order to create a thorough understanding of the research issue, combining the information from many sources.

7. Compose the literature review in an organized manner with an introduction, a discussion of the literature, and a conclusion. To back up our points and conclusions, using the right citations and references.

Results and discussions

The area of sustainable development in the economy is represented by a broad structure of interdisciplinary connections, through which a sustainable business system can be progressively implemented with the help of professionals and according to the application of pre-defined techniques and rules.

Sustainability is an attractive focus for different sectors or industries, both nationally and internationally. Thus, sustainable development in accounting represents a sufficiently untapped realm for economic and academic researchers and other users of this information.

Based on the studies reviewed, we can identify various general sections that researchers addressed in their papers. According to Figure 1, the research directions of studies on the relationship between accounting and sustainable development can be classified into 4 broad areas of study, which are as follows:

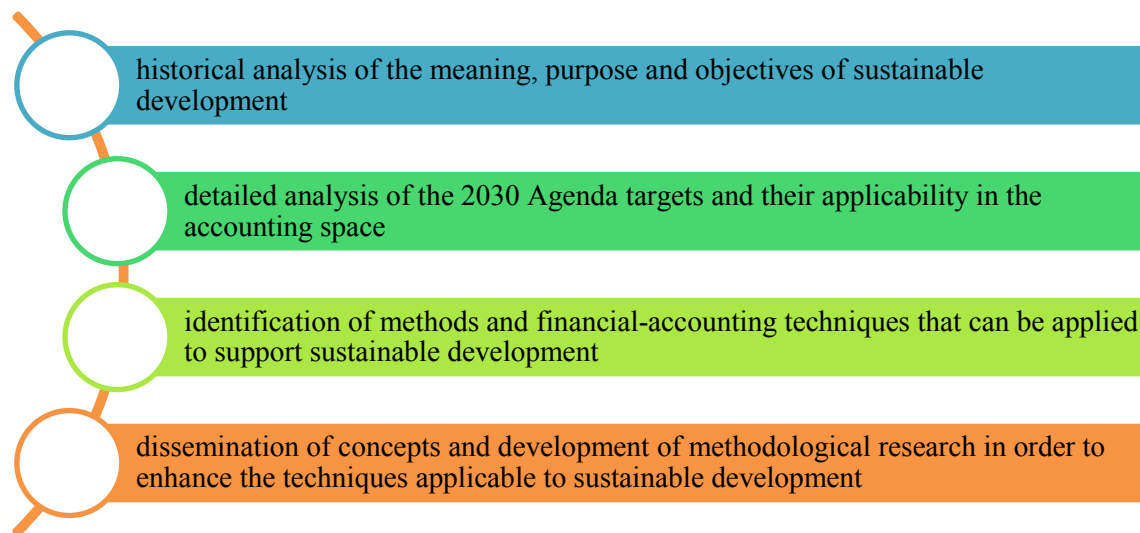


Figure 1. Research directions on Accounting and Sustainable Development

Source: Authors' own research.

According to the objectives of this paper, we can conclude that in the research environment of sustainable development, this movement can be characterized as a 'radical ambition,' for which sufficient time must be devoted to a long analysis in time and space. Bebbington (2017) opined that the possibilities for exploring the direction of sustainable development in academic science are endless and limitless, and Frame (2010) reflects enthusiastic about sustainability research as a multidimensional area that needs to be analyzed in an interdisciplinary way, but this topic in particular needs to be addressed at a theoretical and practical level.

Internationally, the evolution of public-sector sustainable development projects is remarkable. The publication of the World Commission on Environment and Development

(WCED) report Our Common Future, also known as the Brundtland Report, marked a watershed moment in the history of sustainable development. It characterizes specific features and discusses the concept of sustainable development. The fundamental notion of sustainable development is to care for tomorrow, today's society, and future generations, as well as the environment and the conservation of its natural resources. The WCED proposes new regulations that should be implemented and followed in order to achieve global sustainability.

Continuing in the same manner of developing universally applicable sustainable concepts, but also in the economic sphere, the United Nations has developed a set of rules titled SDG-Sustainable Development Goals, which will be implemented beginning in 2018. The UN Agenda, which sets 2030 as the target year for achieving the goals, includes proposals for combating poverty, social inequality, environmental degradation, mitigating drastic climate change, world peace, and respect for and fair application of the law in justice.

As proposed in the 2030 Agenda for Sustainable Development, the three dimensions of sustainability: environmental, social, and economic must be kept in constant balance and diligently monitored.

The second figure illustrates the SDGs (Sustainable Development Goals), which have been adopted by all United Nations' member countries since 2015 and are expected to be implemented over the next 15 years. Many stakeholders and investors are currently requesting information on non-financial or integrated reporting in order to assess the applicability of sustainability standards. Although some entities are not required to report on sustainability using GRI (Global Reporting Initiative) standards, the vast majority of stakeholders seek this information and consider it critical for future business investment decisions.

To achieve the secondary goal mentioned in this paper: qualitative analysis of the implications of accounting and the accounting profession in sustainable development processes, we mention that the IFAC - International Federation of Accountants has stated that at least half of the 17 UN goals, such as gender equality, economic and technological prosperity, industrial and infrastructure development, and sustainable growth, can be achieved through the accounting profession.



Figure 2. SDG – Sustainable Development Goals (UN)

Source: Authors' own research based on SDG Knowledge Platform.

The links between the accounting profession and economic development, implicitly the evolutionary relationship towards the application of sustainability principles was deduced can be observed in Figure 3, which was processed based on data provided by researcher Venter (2018) explaining Theory of Change, towards the relationship of the accounting profession and economic evolution. Figure 3. Accountancy profession to sustainable development, shows the characteristics of the interdependent relationships of the model in *"Theory of Change, brought up at the London IAAER roundtable"*. The circuit exemplifies the cooperation of the accounting profession on economic development and vice-versa.

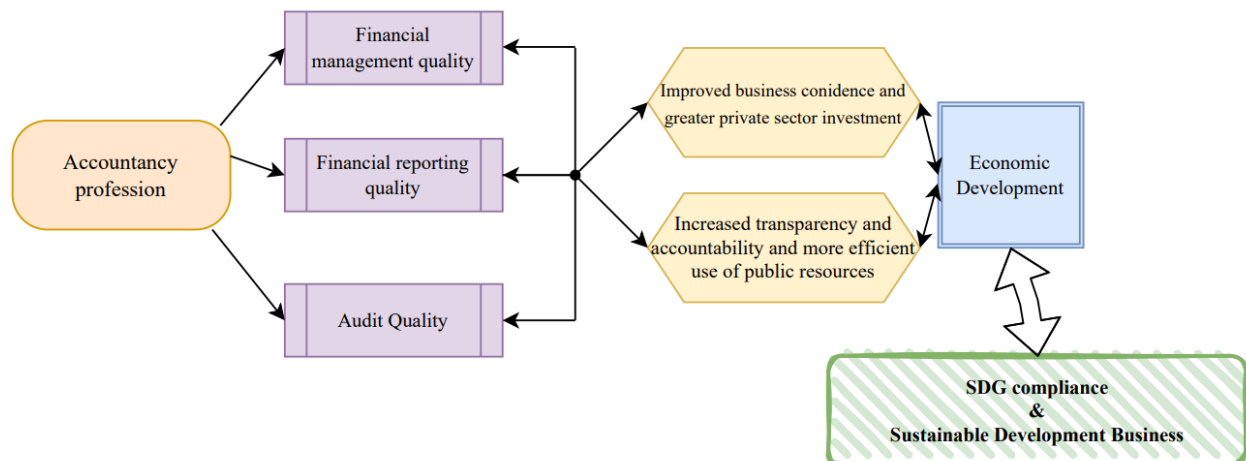


Figure 3. Accountancy profession to sustainable development

Source: Authors' own research.

Accountants are extremely important in advancing sustainable development. They support businesses in taking well-informed decisions that balance social, economic, and environmental concerns, allowing them to run more sustainably. Professional accountants assist businesses in monitoring and assessing their environmental effect, including carbon emissions, water use, and waste production. This information can be utilized to find areas for improvement and create plans to lessen the organization's environmental impact.

Regarding the social accounting side, accountants also assist businesses in measuring and disclosing their social effect, including their support of the neighborhood, the welfare of their workers, and efforts to promote diversity and inclusion. This profession is a crucial component of financial reporting, assuring that businesses accurately and transparently disclose their financial performance. Due to the organization's financial stability and sustainability, this aids stakeholders in making wise decisions. Accountants can also assist investors in determining a company's or a project's sustainability, they can assist investors in choosing financially sound investments by giving accurate and trustworthy information regarding a company's impact on society and the environment.

In brief, accountants must play a vital part in advancing sustainable development. They aid businesses to operate more sustainably and responsibly by assisting them in measuring, tracking, and reporting on their environmental and social effect.

The paper's original contributions to the literature are identified as an update on the relationship between accounting and sustainable development in recent years through this investigation.

Conclusion

The role of accountants and the accounting profession in attaining sustainable development is a complicated and diverse problem that has recently been the focus of a number of research publications. The literature review's identification of the crucial areas where accountants and the accounting profession may contribute to sustainable development is one of its major contributions.

The study adds to the literature analysis as a whole by giving a thorough overview of the role played by accountants and the accounting profession in attaining sustainable development. In

addition to highlighting the need for increased sustainability integration into accounting training programs, the paper discusses the key areas where accountants may contribute to sustainability.

Sustainable development is a sophisticated phenomenon that affects various sectors and geographical regions. For business owners, investors, regulators, and other stakeholders, putting procedures in place for sustainable business development is a problem. In this regard, a study of the present and future contributions of the accounting field to the accomplishment of the SDGs outlined by the UN in the 2030 Agenda offers limitless chances for academic research. Consequently, through this analysis, we identify new research areas that require additional study, such as how to measure and analyze sustainability through accounting or how to evaluate the SDGs' application.

The following are some of the limitations of a research or literature review study on sustainable accounting and the accounting profession:

- there is no universal agreement on the definition or standardization of terms or practices in sustainable accounting, which is a relatively new and evolving field. This can make it difficult to compare and synthesize findings across studies;

- the reliability and validity of the findings can be influenced by the quality of data used in the studies. Some studies may rely on self-reported data, which is susceptible to social desirability bias and other response biases;

- the literature review's findings may not be applicable to all contexts and regions.

The research discussed in this paper demonstrates the unquestionable necessity of processing and streamlining the use of sustainability in business. As it can significantly contribute to the global economy through these efforts and the 2030 Agenda can achieve its ultimate goal of creating a better world, accounting needs to adapt and advance towards the applicability of sustainable processes through continuous refinement and development in academia, regulators, and standard-setting organizations.

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