

THE ROLE OF THE ACCOUNTING PROFESSION IN ACHIEVING THE OBJECTIVES OF SUSTAINABLE DEVELOPMENT

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Abstract

The role of professional accountants is becoming increasingly important to the organization as it is in a unique position at the intersection of all departments and areas of activity, and has the ability and authority to set standards, develop models and generate information reportedly, bringing the organization into line with the principles of sustainable development.

Accounting research has begun to focus increasingly on practices developed by professional accountants with a view to the sustainable development of companies. Some institutions have already outlined implementation frameworks and recommendations that adapt and improve international reporting standards, adjust the classical vision of accounting reporting by integrating social and environmental information into company financial reports.

The main objective of this research is to highlight the importance of the accounting profession's role in achieving the sustainable development goals at national level. Thus, for this present paper we will rely on a documentary research carried out by the study of national and international legislation in the field of sustainable development and on an applied research to analyze the implications of professional accountants in implementing the sustainable development objectives.

Keywords: *development durable, professional accountants, objectives, reporting.*

Clasificare JEL : *Q56*

1. Introduction

Sustainability has gained greater importance over the past two decades and is a principle that can and must be applied in every aspect of our social, economic and environmental life. It refers to the concept of living today, respecting the past and preserving the future.

In 2015, the 17 Sustainable Development Goals have been established by United Nations member states and international organizations as a follow-up to the 8 Millennium Objectives adopted in 2000. Sustainable Development Goals can be met at the convergence of the three dimensions of sustainability: Economy, Society and Environment. Accounting and accounting professionals in particular have a major role to play in achieving these goals [1].

In a new report by the International Federation of Accountants (IFAC), Executive Director Faye Choudhury spoke about the importance of the accounting profession as to how it can contribute directly or indirectly to achieving these goals. Thus, through their skills and experience, accountants have at their disposal a wide range of solutions to meet the challenges of sustainable development [2].

The role of professional accountants is becoming more and more significant to the organization, as it is in a unique position at the intersection of all areas and departments, and has the ability and authority to set standards, develop models and generate reporting information that determines the organization is consistent and involved in the application of sustainable development principles.

2. The role of professional accountants in sustainable development

The role of professional accountants in sustainable development has been widely debated by academics, as follows: Gray, Owen and Mauders(1987) considered environment accounting as an extension of corporate responsibility[3], Gray and Babbington (2000) have emphasized the role of accounting in sustainable business development [4], Gray and Collinson (2002) explore the role of accountants and their education in the UK in the context of sustainable development[5], Lovell and Mackenzie (2011) analyzed the role of accountants in the context of the new carbon economy and climate change[6], and Cucui I. et al. (2012) analyzed the the implications of the accounting profession in the development of environmental accounting [7].

In the Conference on Trade and Development International Standards of Accounting and Reporting (UNCTAD ISAR), IFAC President, Warren Allen, considers the accounting profession as an important partner in achieving 7 of the 17 sustainable development goals. Thus, he believes that professional accountants will contribute to achieving Objective 4 - Quality education, Objective 8 - Decent work and economic growth, Objective 9 - Industry, innovation, and infrastructure, Objective 12 - Responsible consumption and production, Objective 13 - Climate action, Objective 16 Peace, justice, and strong institutions and Objective 17 - Partnership for the goals. [1]

In this context, through this research, we want to add value to the academic environment but also to the business environment by presenting the main ways of acting the accounting profession in fulfilling these objectives of sustainable development.

The role of accounting professional is to meet the public's interest in the responsibility of the economic actors: shareholders / associates, employees, customers, suppliers, state, banks, investors, etc.

Starting from the fact that accountants protect the interests of the users of financial information reported in the financial statements, in the context of sustainable development, it is necessary to increase the importance of the accountant within the enterprise: in the position of business partner, the accountant must actively participate in decision - strategic and operational aspects.

In order for companies to develop a sustainable strategy that will determine the endurance of the business, the accountancy profession must comply with new market requirements: supporting companies to create value over time and respond to the uncertainties they face, improving the process making decisions, identifying new business opportunities, delivering innovative products and services.

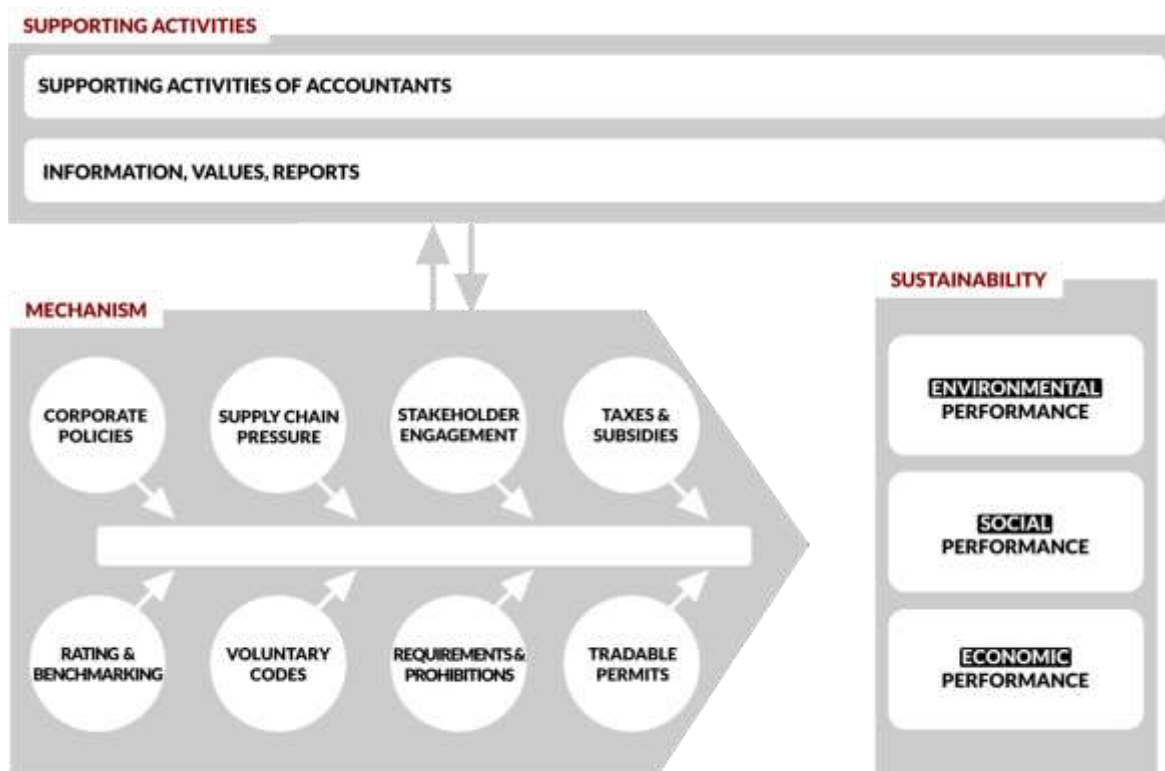
Accountants through the role they play in an entity can be a lever in the sustainable development of that business. Professional accountants have the information, values, reports, and mechanisms needed to drive a sustainable business approach.

Accountants are very involved in meeting the goals of sustainable development by providing corporate quality reporting that supports sustainable development and financial stability.

3. The mechanisms used in sustainable development by professional accountants

In practice, accountants have more than one mechanism to carry out sustainable activities in line with sustainable development goals. Thus, in Figure 1 “Accountant support mechanisms for sustainable development” we can see that through corporate policies, supply chain pressure, stakeholder involvement, taxes and subsidies received from the state are support mechanisms for encouraging organizations to adopt a long-term vision of sustainability and performance correlation economic and social and environmental performance.

Figure No. 1. Accountant support mechanisms for sustainable development



Source: own processing after Sustainability: the role of accountants, available online: http://www.crrconference.org/Previous_conferences/downloads/2006langfordroleofaccountants.pdf

In order for these mechanisms to be relevant to accountants, they are based on credible information and reports in order to effectively achieve the goals of sustainable development.

The fulfillment of the accounting and accounting profession's role in sustainable economic development through the satisfaction of the public interest is determined by the existence of strong national and international professional bodies to work with state authorities to develop and apply standards in the field.

4. Sustainable reporting of environmental information

The environmental reporting provided by the traditional financial system is insufficient to reflect the clear and complete picture of the environmental impact of the entity [8]; to that end, environmental and social information reporting guidelines have been developed and made available to businesses for to guide them in presenting sustainable achievements, but also to provide managers with an internationally applicable reporting framework, a comparable framework where the disclosed data can be easily understood by users of accounting information.

Sustainable reporting is based on guides from the Global Reporting Initiative (GRI), but also other professional bodies have addressed the issue of standardizing social and environmental information reporting. The International Federation of Accountants (IFAC) has identified sustainability enhancement mechanisms directly linked to the role of qualified accountants including standards, codes of conduct and ethics, regulations, reporting rules, shareholders' commitments and transparency.

Sustainable Framework 2.0. of the IFAC highlighted the importance of accounting in the sustainable development process, identifying three levels of corporate sustainability: strategic, operational and reporting. In order to create long-term value for the enterprise, the professional accountant, along with management, must ensure the full integration of all types of capital and the financial and accounting information must be confirmed by independent auditors in terms of

materiality, accuracy of comparability and completeness. Together with national and international professional bodies, major accounting firms highlight the importance of the accounting profession's role in meeting Sustainable Development Goals and are actively committed to creating a sustainable society by offering a diverse range of compliant services.

Accounting firms and other non-governmental organizations also play a key role in supporting and promoting sustainable development by carrying out environmental reporting analyzes and proposing useful and relevant sustainability reporting criteria.

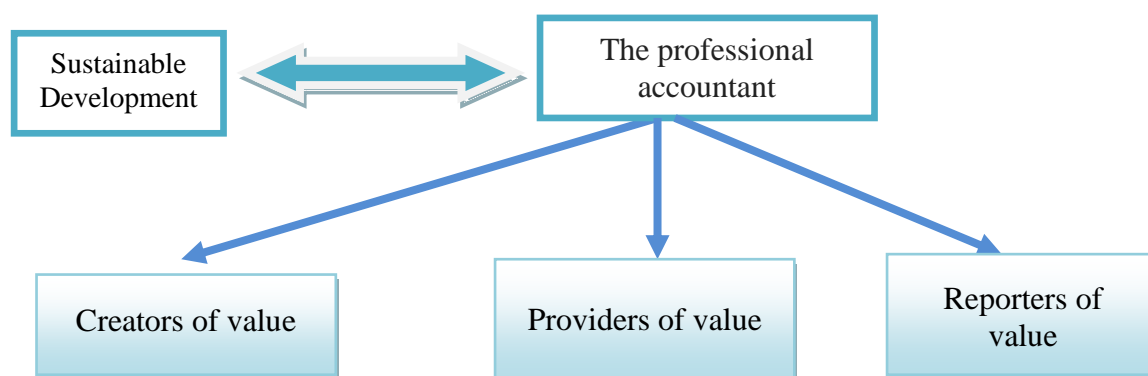
Although the accounting profession is regulated and despite the existence of numerous accounting and reporting standards, the differences between traditional accounting and reporting towards sustainable development and reporting have not yet been overcome. In this context, the main goal of developers of accounting standards for sustainable development is to harmonize information reporting for all types of capital used by organizations.

In 2016, the International Federation of Accountants prepared and published the report "Agenda 2030 for Sustainable Development: A Snapshot of the Accountancy Profession's Contribution" in which it highlights how accounting and accounting profession participate in the achievement of 8 Sustainable Development Objectives out of the 17 established by the United Nations for 2030.

The press release, posted on the ifac.org website, is recognized the role of the accounting profession in achieving the objectives of sustainable development: "A new report from the International Federation of Accountants (IFAC) provides a snapshot of the accountancy profession's contribution to achieving these Goals. "Accountancy is the basis of strong and sustainable organizations, financial markets, and economies," said IFAC Chief Executive Officer Fayez Choudhury. "It is important for our profession to be conscious of how we contribute, both directly and indirectly, to the Goals. The skillset, experience, and influence professional accountants possess gives them enormous scope to shape solutions to sustainable development challenges" [9].

The accounting profession plays an important role in the sustainable development of the economic activity of the organizations, so in figure 2 is the way in which the professional accountant acts to achieve the objectives of sustainable development.

Figure No. 2. Graphic representation of the professional accountant's role in sustainable development



Source: own processing

Sustainable development transforms the accountant's role into a professional approach: at the strategic level, accountants are creators of value (take leadership roles in building and implementing firm strategies to create long-term value), at the operational level they act as providers of value (they have the role of informing and guiding the management of the company in order to develop a strong business) and at the reporting level they exercise their authority as reporters of value (through a transparent communication of the value-added delivery to the shareholders).

By engaging accountants in the process of meeting Sustainable Development Goals, quality corporate reporting is provided to support sustainable development and financial stability. Sustainability within an organization must be measured, evaluated and presented, and these tasks normally fall on the accountant.

IFAC recommends some practical ways for accountants to act in their role as business partners and make a difference towards a sustainable approach [10]:

- ✓ Identify the environmental impacts and correlation with the organization’s strategy, business model and performance;
- ✓ Identify and integrate significant natural and social capital issues into decision-making system;
- ✓ Evaluation the benefits of tackling environmental and social issues (cost reduction; revenue generation);
- ✓ Organize internal systems and processes to ensure what matters is measured and managed;
- ✓ Link the strategy and resources to the creation of value for stakeholders;
- ✓ Controlling costs and reducing waste by efficiently management;

Good quality information provides users with trust and is essential for the sustainable development of businesses.

5. Conclusions

Professional accountants are directly related to the promotion of sustainable development initiatives at the corporate level. As a result, the accountancy profession should reconsider its contribution to achieving Sustainable Development Goals and engage in the incorporation of sustainable development criteria at all levels of decision-making - strategic, operational and tactical - as well as in business activities (management, budgetary projection, evaluation and reporting).

At the strategic level accountants exercise their authority as creators of values, at the operating level they act as providers of sustainable development values and at the reporting level they act as keepers and reporters. Thus the role of professional accountants in sustainable development needs to be revised according to new economic conditions.

Competence’s mechanisms of professional accountants require analyzes supplementary, because the accountants are responsible for sustainable reporting which is the key of information and the support of sustainable development.

Accountants from organisations with significant environmental or social impacts will be involved with the measurement, recording and interpretation of sustainability issues. Future management systems for information and control will need to include environmental and social data.

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