

## MANAGERIAL ACCOUNTING FOR SUSTAINABLE BUSINESS DEVELOPMENT

<b>Course code</b>	<i>GRAB006</i>
<b>Level of studies</b>	<i>Graduate</i>
<b>Number of credits</b>	<i>6 ECTS; 36 class hours, 124 hours of self-study, 2 hours of consultation</i>
<b>Course coordinator (title and name)</b>	<i>Prof. dr. Renata Legenzova, e-mail: renleg@faculty.ism.it</i>
<b>Prerequisites</b>	<i>Undergraduate diploma</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE

In today's competitive and ever-evolving environment, where sustainable development goals are a core focus, financially resilient companies are better positioned for long-term growth and maximisation of company value. The ability of a company to remain profitable, generate sufficient cash flow, and fulfil its obligations while fostering sustainability is crucial for long-term resilience. Central to this is the role of sustainable managerial accounting, which involves gathering and using relevant, timely financial information to support decision-making, drive operational efficiency, and align business practices with sustainability goals. This course is designed to provide students with essential knowledge of sustainable managerial accounting principles and equip them with the skills needed to measure, assess, and manage costs, profitability, and investments while incorporating sustainability aspects into decision-making. Students will learn to integrate sustainability considerations when calculating costs and profitability, evaluating business performance, planning and assessing sustainability-related investments, and making strategic decisions that promote both business growth and the maximisation of long-term value through sustainable practices.

### LEARNING OUTCOMES

<b>Course learning outcomes (CLO)</b>	<b>Study methods</b>	<b>Assessment methods</b>
CLO1. To be able to explain the concepts and the key elements of financial sustainability, sustainable business growth and their interrelationship with sustainable business development.	Lectures, teamwork, discussion, individual study	Final exam, evaluation of discussion.
CLO2. To be able to identify and explain the content and characteristics of financial information, its role in decision-making and value creation, and how managerial accounting is evolving to reflect sustainability initiatives and related information needs for decision-making.	Lectures, teamwork, discussion, case analysis, individual study, home assignments and their presentation.	Final exam, evaluation of written report of case analysis and oral discussion. Evaluation of written home assignment report and its oral presentation.
CLO3. To be able to identify classify and analyse costs, make indirect cost allocation decisions, differentiate and apply various costing and pricing methods to assess company's performance in competitive environment while incorporating sustainability considerations in such decisions	Lectures, teamwork, discussion, case analysis, individual study.	Final exam, evaluation of written report of case analysis and oral discussion.
CLO4. To be able to analyse cost behaviour, perform cost-volume-profit analysis, utilize costs and revenues for making relevant management decisions towards sustainable business growth and company's value maximization, while incorporating sustainability considerations in such decisions.	Lectures, teamwork, discussion, case analysis, individual study.	Final exam, evaluation of written report of case analysis and oral discussion.
CLO5. To be able to identify the key areas of ESG related investments, to differentiate capital budgeting criteria and techniques for ESG investments, estimate their net investment and cash flows and perform capital budgeting acceptance analysis.	Lectures, teamwork, discussion, case analysis, individual study.	Final exam, evaluation of written report of case analysis and oral discussion.
CLO5. To be able to explain the link between strategies, plans and budgets; design tools for budgeting and other financial planning to facilitate financial sustainability and	Lectures, teamwork, discussion, solution of exercises, individual study.	Final exam, evaluation of discussion and exercises solution.

resilience; identify business risks and design their management tools.		
CLO7. To be able to explain how companies measure and manage their performance; differentiate business performance measurement models and tools; identify issues and solutions related to ESG performance measurement and management, define critical success factors, design a scorecard and suggest relevant KPIs;	Lectures, teamwork, discussion, solution of exercises, individual study, home assignments and their presentation	Final exam, evaluation of discussion and exercises solution; evaluation of home addignment presentation and written report
CLO8. To learn with teams, be able to cooperate with team members; to assume leadership while evaluating and solving complex ideas and cases.	teamwork, discussion, studies, individual study, home assignments and their presentation	Evaluation of written home assignment report and its oral presentation; evaluation of discussion.

## ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism, are fully applicable and will be strictly enforced in the course. Academic dishonesty and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere to and maintain the same academic honesty and integrity that they would in a classroom setting.

## COURSE OUTLINE

Topic	In-class hours	Readings
<b>Introduction to the course.</b> Key concepts, elements and challenges of financial sustainability and sustainable business development. Their interrelationship with sustainable business development.	4	<ul style="list-style-type: none"> <li>Kakati, Shivam &amp; Roy, Arup. (2021). Financial sustainability: An annotated bibliography. <i>Economics and Business Review</i>. 21. 35-60. Doi: 10.18559/eb.2021.3.4.</li> <li>Imtiaz, H., Shahid, B., Shahbaz, H. (2020) Financial Sustainability and Corporate Social Responsibility Under Mediating Effect of Operational Self-Sustainability. <i>Frontiers in Psychology</i>, Vol. 11, DOI=10.3389/fpsyg.2020.550029</li> </ul>
<b>Evolution of managerial accounting: integrating corporate sustainability initiatives.</b> The key elements and characteristics of financial information. Role of financial information in corporate decision-making and value creation. Evolutions of managerial accounting to reflect sustainability initiatives and related information needs for decision-making.	4	<ul style="list-style-type: none"> <li>Wolters, T. (2024). Sustainable value Creation, Sustainable finance. Chapter 8. Sustainability accounting and reporting. Springer Cham. <a href="https://doi.org/10.1007/978-3-031-35351-2">https://doi.org/10.1007/978-3-031-35351-2</a></li> <li>Bennett, M., Schaltegger, S. and Zvezdov, D. (2018) Exploring Corporate Practices In Management Accounting For Sustainability. <a href="https://icaew.com/academic">icaew.com/academic</a></li> <li>Maas, K., Schaltegger, S., Crutzen, N. (2016). Integrating corporate sustainability assessment, management accounting, control, and reporting. <i>Journal of Cleaner Production</i>, Volume 136, Part A, <a href="https://doi.org/10.1016/j.jclepro.2016.05.008">https://doi.org/10.1016/j.jclepro.2016.05.008</a>.</li> </ul>
<b>Costing and pricing products and services.</b> Costing requirements, process and methods. Cost classification, assignment and allocation. Pricing methods and calculation of mark-up. Sustainability related costing and pricing considerations.	6	<ul style="list-style-type: none"> <li>ACCA. Environmental management accounting. <a href="https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/Env-MA.html">https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/Env-MA.html</a></li> <li>Drury, C. &amp; M. Tayles (2020). Management and Cost Accounting</li> </ul>
<b>Cost analysis and profitability management.</b> Cost behaviour and decision making. Cost-volume-profit analysis. Relevant costs and revenues analysis for short term profitability and long term sustainable business growth.	6	<ul style="list-style-type: none"> <li>Bonini, Sh. &amp; Swartz, S. (2014). Profits with purpose: How organizing for sustainability can benefit the bottom line. McKinsey.</li> <li>Drury, C. &amp; M. Tayles (2020). Management and Cost Accounting</li> <li>Datar, S.M., Rajan. M. (2022). Horngren's Cost Accounting: A Managerial Emphasis.</li> </ul>
<b>Divisional performance towards sustainable corporate development.</b> Decentralization, divisional performance measurement and segment reporting.	4	<ul style="list-style-type: none"> <li>ACCA. Divisional performance management. <a href="https://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p5/technical-articles/divisional-performance-management.html">https://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p5/technical-articles/divisional-performance-management.html</a></li> <li>Ngwakwe, C. C.(2014). Towards integrating environmental performance in divisional performance measurement. <i>Journal of Governance and Regulation</i>, 3, <a href="https://doi.org/10.22495/jgr_v3_i3_p2">https://doi.org/10.22495/jgr_v3_i3_p2</a></li> </ul>

<b>Approval of ESG investments.</b> Key areas of ESG related investments. Capital budgeting criteria and techniques. Specifics of capital budgeting for ESG projects. Estimating net investment and cash flows. ESG investments acceptance analysis.	4	<ul style="list-style-type: none"> <li>• Schoenmaker, D., Schramade, W. (2023) Corporate Finance for Long-Term Value, Springer. Chapter 7. Capital Budgeting. <a href="https://doi.org/10.1007/978-3-031-35009-2_7">https://doi.org/10.1007/978-3-031-35009-2_7</a></li> <li>• Kimbro, M.B. (2013). Integrating Sustainability in Capital Budgeting Decisions. In: Taticchi, P., Carbone, P., Albino, V. (eds) Corporate Sustainability. CSR, Sustainability, Ethics &amp; Governance. Springer, Berlin, Heidelberg. <a href="https://doi.org/10.1007/978-3-642-37018-2_5">https://doi.org/10.1007/978-3-642-37018-2_5</a></li> </ul>
<b>Financial planning.</b> Aligning strategy, financial planning and control. Financial planning and budgeting towards sustainable development.	4	<ul style="list-style-type: none"> <li>• Roigé, N., Pardo-Bosch, F. &amp; Pujadas, P. Achieving Sustainable Goals Using an Effective Budget-Allocation Multicriteria Mives Model: Case Study of a Spanish Water Utility Company. <i>Water Resour Manage</i> 38, 5143–5160 (2024). <a href="https://doi.org/10.1007/s11269-024-03905-w">https://doi.org/10.1007/s11269-024-03905-w</a></li> <li>• Kao, J., Pan, T., Lin, Ch. (2009). An environmental sustainability based budget allocation system for regional water quality management. <i>Journal of Environmental Management</i>, 90(2), <a href="https://doi.org/10.1016/j.jenvman.2008.01.003">https://doi.org/10.1016/j.jenvman.2008.01.003</a>.</li> </ul>
<b>Business performance measurement and management.</b> Managerial accounting and value creation. Strategic control towards sustainable development. Business performance measurement models and tools. ESG performance measurement and greenwashing.	4	<ul style="list-style-type: none"> <li>• Martiny, A., Tagliatalata, J., Testa, F., Iraldo, F. (2024) Determinants of environmental social and governance (ESG) performance: A systematic literature review. <i>Journal of Cleaner Production</i>, 456, <a href="https://doi.org/10.1016/j.jclepro.2024.142213">https://doi.org/10.1016/j.jclepro.2024.142213</a>.</li> <li>• Pazienza, M.; de Jong, M.; Schoenmaker, D. (2023) Why Corporate Sustainability Is Not Yet Measured. <i>Sustainability</i>, 15, 6275. <a href="https://doi.org/10.3390/su15076275">https://doi.org/10.3390/su15076275</a></li> </ul>
	<b>Total: 36 hours</b>	

## FINAL GRADE COMPOSITION

Type of assignment	Self-study hours	% of the total grade
Case analysis and class discussion	30	30%
Group work	40	20%
Exam	54	50%
<b>Total:</b>	<b>124</b>	<b>100</b>

## DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

### Case analysis and class discussion

Each topic (as presented in the Course outline) involves either a discussion or analysis of cases/exercises. For most assignments, class participants will be split into groups of 3-4 people and will complete assignments (discussion, case analysis, exercise solving) in class. At the end of the meeting, each group will have to make a short presentation of the group work results. If an assignment involves analysis of cases/exercises, groups have to submit their written calculations. Some class assignments will be individual. Then each participant has to present his/her work individually (uploading it to the e-Learning platform). The class work and presentation will be graded based on the criteria listed in the assignment. Generally, all group members receive the same grade for the assignment. Students may change the class assignment groups throughout the course.

A student who misses a class meeting must complete the class assignments in writing and submit them to the e-Learning platform within one week after the missed class. When evaluation criteria include grading of presentations and discussions, a student absent from the class receives a score of 0 for this part.

### Group work

For group work, students must sign up in groups of 3-4 people (1-2 students do not form a group). A group will complete a task that involves a comparative analysis of publicly available corporate information for 3-4 companies (1 company per student), assessing their sustainability-related disclosures to identify managerial accounting practices and techniques used. The students also have to evaluate the extent of quantitative (vs. qualitative) sustainability disclosures and their quality from the external stakeholders' perspective.

Students are expected to present a written report, orally present their results and answer questions. The written report has to be submitted electronically before the assigned due date.

## RETAKES POLICY

There are no retakes for any of the assessments above; however, extensions can be granted with the permission of your lecturer. In case you cannot attend the scheduled elevator pitch class, a new date might be agreed upon with the permission of your lecturer.

## ADDITIONAL REMARKS

**Class Participation:** It is expected that you will actively participate in class discussion, debates and other activities.

**Assistance:** Do not ever hesitate to request assistance with anything you do not understand.

**Class Conduct/Professional Behavior:** Students are expected to behave in a manner conducive to an educational setting in the classroom. Inappropriate behavior will result in the student being asked to leave the class. In addition, students contacting the public (including, but not limited to, research for your project) are expected to act professionally – keeping appointments, dressing appropriately for personal interviews, being respectful of the public's time, etc.

**Deadlines and Details:** Meeting deadlines and taking care of details are of extreme importance. Therefore, for all assignments that are not turned in on time a grade of "0" will be given.

## REQUIRED READINGS

1. Drury, C. & Tayles, M. (2020). Management and Cost Accounting. Cengage Learning EMEA; 11th edition (10 Dec. 2020)
2. Datar, S.M., Rajan, M. (2022). Horngren's Cost Accounting: A Managerial Emphasis. Pearson Education, Inc. 16th Edition
3. Research papers and other related readings listed in the Course Outline table above.

## ADDITIONAL READINGS

1. Schoenmaker, D., Schramade, W. (2023) Corporate Finance for Long-Term Value, Springer. <https://doi.org/10.1007/978-3-031-35009-2>
2. Wolters, T. (2024). Sustainable value Creation, Sustainable finance. Springer Cham. <https://doi.org/10.1007/978-3-031-35351-2>
3. Umit S. Bititci. (2015) Managing Business Performance: The Science and the Art. John Wiley & Sons, Ltd.
4. Cho, Charles H, Ericka Costa, and Blerita Korca. Cases and Exercises on Sustainability Accounting. Cheltenham ; Edward Elgar Publishing, 2025. Print.
5. Various research papers and other related readings will be provided during the course on e-learning platform.