

Chapter 8

SUSTAINABILITY ACCOUNTING AND ITS IMPACTS ON COMPETITION

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Introduction

Sustainable development is one of the main objectives for an enterprise. The survival of the firm in increasingly competitive conditions depends on the future orientation of policies and strategies. The ability of corporate strategies to help sustainability is related to the effectiveness of decision support mechanisms. As a decision support mechanism, the traditional accounting system may be insufficient for sustainability. Especially in recent years, how accounting practices contribute to sustainability is being discussed (Bebbington & Thomson, 2013). Studies conducted in different contexts have shown that the use of tools for sustainability accounting is quite low due to technical problems (Virtanen et al., 2013).

In traditional sense, accounting is the process of determining the financial results of business activities within and outside the enterprise. Accordingly, accounting information is used to record and report financial information related to the economic activities of the entity. However, this approach has some shortcomings. Many businesses, particularly large businesses, want business processes in a more sustainable structure. In other words, it applies three-dimensional accounting for long-term profitability (triple reporting) (Signitzer & Prexl, 2008). Sustainable performance refers to tools and methods such as environmental information and management systems for business future (Tüm, 2014). It is therefore important to analyze the impact of sustainability accounting on its operating activities.

In this study, the concept of sustainability accounting has been evaluated primarily. Subsequently, an implantation demonstrating the contribution of sustainability accounting has been made.

Sustainability Accounting

The Importance of Sustainability Accounting

While the definition of sustainable development is clear, corporations might apply several definitions of sustainability, mainly identifying some common denominators in economic, social, and environmental issues. Over the last years, the focus on sustainability issues has also become a relevant feature within the accounting discipline, namely by dividing them into sustainability oriented managerial accounting tools and sustainability accounting and reporting at large (Truant et al, 2017).

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- Sector-based differences exist. Regulations on sustainability accounting should be made in every sector.
- Sustainability accounting is voluntary. However, it must be supported by legal regulations for its prevalence.
- Environmental and social awareness strengthens the company's image. For this reason, companies can gain advantage by using sustainability accounting.
- Adaptation and design of the system consists of five steps. Therefore, it is not difficult to integrate. Every firm can incorporate into business processes without difficulty.
- Sustainability accounting tools make a high contribution to increase competitiveness. The economic gains of firms increase.

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