CHAPTER 2

Sustainability, the Triple Bottom Line and Corporate Social Responsibility

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2.1 Introduction

The traditional economic business model is predicated on 'making money', in terms of a financial return on investment either through paying dividends from profits or through capital growth in share prices (Larrinaga-González et al. 2002). It is based on a largely single-use linear model, extracting raw materials, converting them into products, selling these products to a final consumer and then once the useful life of the product is over, scrapping the residual product as waste into the environment (Murray et al. 2017; Ellen Macarthur Foundation 2012). This economic model assumes that resources can be substituted for each other in monetary terms such that the depletion of one resource (e.g. reduced natural resources) is compensated for by another (e.g. increased profits). The overriding driver is to complete this process as effectively and efficiently as possible to extract maximum financial return to those who have invested money (equity or debt) into the process (Mulligan 2018). Equally, traditional business is focused on growth—the expectation of continual growth in sales, profits, cash, dividends and

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investment. Indeed, even the business literature which is used to train future managers supports this ethos; it encourages businesses to seek out ways to develop new markets, expand the product offer, sell more to each customer and to encourage repeat purchases.

However, these behaviours cannot be maintained indefinitely, since the availability of many of the world's natural resources is limited and hence eventually some raw materials will cease to be available or will be available only at a much higher price as they become scarcer. As third world economies continue to develop and their citizens increase their demands and expectations about living standards and consumption, this pressure on scarce resources will undoubtedly increase exponentially (Larrinaga-González et al. 2001). In that sense, sustainable growth can be considered something of an oxymoron: it is not possible for growth to continue indefinitely when some key resources are finite. Hence a much more considered approach to production and consumption globally in the future will be needed and this is the basic premise around sustainability (Daly 1991).

2.2 What Is 'Being Sustainable' or 'Sustainability'?

What is meant by being 'sustainable' or 'sustainability'? The standard dictionary definition of the word 'sustainable' in isolation is something which is 'capable of being sustained' or 'being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged' (Merriam-Webster 2016). Hence the adjectival use of it with other words such as 'development', 'manufacturing' or 'agriculture' suggests that these actions are also capable of being sustained such that resources are not permanently depleted.

This was conceptually at least what the ex-prime minister of Norway, Gro Harlem Brundtland might well have had in mind when defining sustainable development as part of work done for the World Commission on Environment and Development (WCED). This definition was:

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Brundtland and WCED 1987)

This definition has since become one of the most popular definitions of sustainable development used globally (White 2013). It has influenced

governments and organisations worldwide to incorporate the twin concepts of human and environmental 'well-being' into their own policies (Kates et al. 2005). Indeed, the idea of current generations considering their impacts on future generations was also echoed in the UK government's view of sustainable development in 1994:

> Most societies want to achieve economic development to secure higher standards of living, now and for future generations. They also seek to protect and enhance their environment, now and for their children. Sustainable development tries to reconcile these two objectives. (Department of the Environment 1994)

And more recently in 2015, despite the impacts of the intervening global financial crisis in 2008/2009:

> [Sustainable development] means making the necessary decisions now to realise our vision of stimulating economic growth and tackling the deficit, maximising wellbeing and protecting our environment, without negatively impacting on the ability of future generations to do the same. (DEFRA 2015)

Even beyond the purely national context, it is important to consider the wider role of sustainability to provide an improvement in living standards for the whole of the earth's population, yet remaining within the capacity of the earth to sustain those improvements (IUCN et al. 1991).

Whilst there are criticisms that even 'development' as well as 'growth' cannot be infinitely sustainable (Costanza and Patten 1995; White 2013), other authors have noted that what is considered to be sustainable can change over time as new practices and organisations evolve to take advantage of new opportunities and technologies whilst old ones decline or are superseded. This evolution has occurred throughout both the natural world as new species have evolved, and the human-derived world as ailing industries are taken over by new ways of working or technologies (Voinov and Farley 2007). Hence by allowing processes and practices to change and evolve rather than considering something to stay the same, sustainability can be defined as:

> transforming our ways of living to maximize the chances that environmental and social conditions will indefinitely support human security, well-being and health. (McMichael et al. 2003)

This idea of adaptation and transformation will undoubtedly be key to long-term development, rather than unlimited economic growth. The world's population is expected to rise from a mid-2017 level of 7.6 billion to 11.2 billion by 2100 (World Bank 2015); much of this growth will come from relatively underdeveloped countries in Africa, with Asia, Latin America, the Caribbean, Northern America and Oceania seeing more modest growth and Europe actually expecting to see a fall in population (United Nations Department of Economic and Social Affairs 2017). With this burgeoning population and finite natural resources, governments and businesses are recognising that 'business as usual' will not work in the future (Gray 2002). Not only will natural resources be depleted, but pollutants released to the atmosphere and other waste from the current traditional linear business model are creating environmental problems for humans and other species as well (Boulding 1966; Ellen Macarthur Foundation 2012). Whilst there is much debate about the reality (or not) of global warming, it is nonetheless clear to the majority of people that unless there is a change in approach, the current business model which takes little heed of the overall impact of the organisation and its products on the long-term sustainability of the planet, is only adding to the depletion of the earth's resources.

Of equal concern is the great social disparity between rich and poor within the population of the world. Although this has always existed and will always exist in some form or other, it has widened considerably in recent years (OECD 2015). Unchecked, this can lead to untapped human potential, a continued fall in social mobility and exploitation of poorer individuals whose quality of life is often below subsistence level (OECD 2015).

This combination of social disparity and environmental issues on a global scale has created what can be regarded as a 'wicked problem' (Mulligan 2018). Such a problem may be regarded as intractable since it defies a simple known solution but requires a more holistic and fundamental rethink of the issues or root causes of the issue (Rittel and Webber 1973). This necessitates a different approach and increasingly, there is recognition that not only governments but business has a wider responsibility to its broader environment throughout its supply chain, and to those invested in the supply chain such as employees, customers, suppliers and the wider community and environment. This is where the

debates about sustainability, sustainable business and Corporate Social Responsibility (CSR) have emerged. There are now increasing discussions held globally around the responsibilities of humans to their fellow humans which do seek to address the fundamental issues of this 'wicked problem' of limited resources, environmental problems and inequitable societal standards.

2.3 Policy and Sustainability

In response to this multiplicity of concerns globally, the United Nations has developed seventeen Sustainable Development Goals (SDGs), which seek to address these major issues and help national governments and other organisations to consider their impacts on them (UN 2015a). Individual countries signed up to these goals on September 25th, 2015 with the aim of achieving specific targets in each area by 2030, which are depicted in Fig. 2.1.

Behind each of the seventeen goals are a further 169 more detailed targets, designed to support governments and society make the changes necessary to achieve the goals. The seventeen goals are:

Fig. 2.1 United Nations Sustainable Development Goals (*Source* UN 2015b with kind permission)

- No poverty: to eradicate poverty in all forms globally;
- Zero hunger: to ensure adequate food and nutrition for all and encourage sustainable agriculture;
- Good health and well-being: to ensure that all people, irrespective of age, can lead healthy lives;
- Quality education: to make sure that all people have access to inclusive and equitable learning opportunities throughout their lives;
- Gender equality: to achieve equality for both genders;
- Clean water and sanitation: to ensure clean water and adequate sanitation is available to all;
- Affordable and clean energy: to ensure that all people have access to affordable and sustainable energy;
- Decent work and economic growth: to ensure that all people have the opportunity to benefit from sustainable economic growth through productive and decent work;
- Industry, innovation and infrastructure: to establish suitable infrastructure, promote innovation and sustainable development of economies;
- Reduced inequalities: to reduce inequality between people both within and between countries;
- Sustainable cities and communities: to make all human settlements (whether cities, towns or villages) safe and sustainable;
- Responsible consumption and production: to encourage consumption and production which are sustainable long term;
- Climate action: to make rapid steps to counteract the effects of climate change;
- Life under water: to ensure the sustainable use and conservation of the marine environment;
- Life on land: to protect, restore and sustainably use land-based resources;
- Peace, justice and strong institutions: to promote peaceful societies with effective justice and institutions for all;
- Partnerships for the goals: to promote global partnerships to assure the delivery of sustainable development (UN 2015b).

Since their launch, these SDGs have been incorporated into national policy around the world, and clearly whilst governments have the power to drive the most change, the engagement of business and wider society is critical to the goals' successful achievement (Carraro et al. 2012).

On an individual human or individual business level, having any kind of impact on some of the goals may seem daunting. Whilst ideally everyone should strive to help achieve all seventeen goals, many start their engagement with the SDGs by selecting those which are of closest fit with the individual's interests or the firm's business strategy. As a result, 83% of UK businesses and 62% of global firms are now engaged with the SDGs in their corporate reporting to some degree, although many are not engaged with every goal or do not link their activities across the goals to gain maximum leverage from their activities (PWC 2018).

2.4 Corporate Engagement with Sustainability

Whilst many large organisations are now actively engaged with the SDGs, other organisations choose to address their environmental or social activities in other ways. One such approach is known as the Triple Bottom Line (TBL), a concept which considers a business to be sustainable if it takes account of the three 'pillars' of sustainability, which are environmental, social and economic (Elkington 1997, 2001). Other firms use the term 'CSR' to define their activities and include separate sections in their annual corporate reports or on their websites to explain what issues they are addressing beyond their day-to-day business activities. Both of these approaches can map to the SDGs even if organisations do not explicitly report against them. The following sections will explain these two key concepts of TBL and CSR.

2.4.1 The Triple Bottom Line

John Elkington's (1997) TBL concept is comprised of three elements to underpin a sustainable business: environmental, social and economic sustainability, often also referred to as the three 'Ps' of People, Planet and Profits (Slaper and Hall 2011). Many of these elements relate to the SDGs mentioned earlier, but they are often the first step organisations take as a focus beyond their purely business-related activities. A discussion of each of the three pillars now follows.

2.4.1.1 Environmental Sustainability

As developing economies such as many in sub-Saharan Africa and some parts of Asia continue to develop and increase population, their desires to 'consume' will also continue to grow exponentially. Whilst it is socially

desirable to encourage a better standard of living across the globe, the impact of this is likely to be unsustainable, particularly when the current first world economies also continue to expect greater consumerism and rise in economic 'wealth' and prosperity. The impacts of this unchecked growth on the environment are numerous from both an input (for example, supply of raw materials) and output (for example, emissions) standpoint.

From an input standpoint, an understanding about the long-term access to key natural resources is of paramount importance. Not all resources can be regarded in the same way. Whilst no individual living thing can be sustained indefinitely, the species and ecosystems to which each individual belongs can be. It is this wider remit to which sustainability relates. Living resources (such as plants and animals) can be 'harvested' as long as they are not depleted beyond their ability to reproduce. Some resources such as water and energy (for example, solar energy) can be used but they cannot be completely destroyed as they may change in form, be recycled into the ecosystem or have a long enough lifecycle that their supply is not of immediate concern (for example, the sun). However, some of these resources like water are challenging due to the misalignment of where the demand and supply of freshwater and sanitation may manifest themselves (Blowfield 2013). Other resources (such as fossil fuels) are not sustainable since they can only be depleted and cannot be replenished within a reasonable lifecycle. Whilst they may be used, their use should be regarded as a means to generate more sustainable outputs in the long term.

From an output standpoint, the pollutants and waste released as part of the current economic model have impacts on the environment. Greenhouse gas (GHG) emissions (which comprise carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6) (DEFRA 2013)) have been steadily increasing as economic output has risen, from 27,660,218 kilotonnes (kt) of carbon dioxide equivalent (CO_2E) in 1970 to 53,526,302 kt CO_2E in 2012 (Janssens-Maenhout et al. 2017). These GHGs prevent the long-wave infrared radiation from escaping from the earth's atmosphere whilst allowing the short-wave radiation from the sun to enter: by allowing GHGs to build up in the environment, the temperature of the earth's surface rises. This can impact on habitats and species causing irreversible damage (US EIA 2017) and can affect the ability of the earth to continue to absorb excessive levels of CO_2.

Hence environmental sustainability is the aim to keep human activities within the capabilities of the earth to continue to sustain human life. Businesses should review their dependence on different natural resources from an input point of view, but also their impacts of the outputs that their business processes make on the environment. Businesses start by doing this by measuring their inputs (tonnes of raw materials, electricity and water consumed, for example) and their outputs (such as the GHGs). Indeed, it is now mandatory for listed companies in the UK to report on their GHG emissions in their annual report following the Climate Change Act 2008 (DEFRA 2013). Once a base line has been set for these inputs and outputs, many firms then start to set targets to reduce them; often driven by the need to cut costs, but this can also have a beneficial effect on the environment and reduce risk for the firm in avoiding fines for pollution or reducing dependency on key natural resources.

There are a myriad of methods to measure the impact of a business on the environment (Conway 2017), such as calculating the organisation's carbon footprint (where all activities are measured for their impact on carbon emissions) or via standards such as those issued by the Global Reporting Initiative (GRI 2014) or British Standards Institute (BSI 2018). It is usually in the measurement, tracking and analysis of these various metrics that accountants become involved. As this is a growing area of concern, it is therefore important that accountants become increasingly involved in managing the risks around environmental sustainability: they should take an interest in managing the dependence of the firm on certain resources whilst ensuring that the business reduces its impact on the environment, both to avoid fines and reduce costs but also to improve living conditions.

2.4.1.2 Social Sustainability

As globalisation has expanded the extent of the supply chain for many organisations, it has raised the issue of moral dilemmas where they are employing directly or indirectly (through suppliers) people to make their products, often at very low wages. The dilemma may be that people in poorer countries might not otherwise have a job without the work they do for the multinational corporation, and therefore it is good that these jobs are provided. However, there is often a perceived 'fine line' between employing people cheaply (which is what reduces the cost of the goods and is the main driver for multinational companies to employ these people) and exploitation, where working conditions are poor,

such as inadequate pay, unsafe buildings or work stations, the availability of adequate sanitation, healthcare and even breaks during the working day (Jayasuriya 2008). If the conditions are 'legal' in the country where the workers are employed and the workers would be worse off without the multinational jobs, then is the multinational exploiting the workers? This is a popular debate across many supply chains and has provoked a number of social media campaigns where individuals have called on consumers to boycott certain companies or their products and services. For example, a boycott of the company Primark was incited on social media in 2013 after a factory building in Bangladesh collapsed, killing more than 300 people who were employed making clothing for the company. It was apparently known that the conditions in the building were poor prior to the incident, but no action was taken by any of the organisations who purchased clothing from the factory (The Huffington Post 2013).

This exploitation of employees is not limited to multinational companies operating overseas supply chains. There have been examples of exploitation of workers in Western countries, such as employing staff on zero hours contracts or expecting workers to work without adequate breaks (Osborne 2016; Farrell 2016). This can often arise when a company is overly focussed on profits and the need to reduce costs throughout their production/service chain. It may also be when a firm has grown extremely large and has effectively squeezed out competing smaller firms by being able to wield their buying power and influence on the market by reducing prices. These smaller firms may then be forced to exit the market, leaving the dominant firm as a monopoly (either in a specific area) or an oligopoly, where only a few large firms are competing (Smithers 2007). This abuse of market power can lead to a fall in innovation and quality as the firm has little or no competition and potentially poorer conditions for employees and suppliers who have to accept poorer rates (Williams 2015). This shifts costs and risks onto others which can have an adverse effect on society (Cannon 2012).

On an internal business level, social sustainability expectations require that all employees are treated fairly and safely, even if not at the extreme level of exploitation. Organisations should therefore ensure that they have policies (and use them) to promote equality, diversity, safe working practices and wider engagement with the communities they serve (Gimenez et al. 2012).

It is incumbent on accountants to manage risk and performance in their businesses, and whilst there has to be concern for the economic sustainability of the firm (see next section), it is equally important that profits are generated in a socially sustainable way. It is no longer acceptable to 'turn a blind eye' to socially detrimental practices from a legal, reputational or financial point of view (for example because of the risks of being sued, losing business or being fined), but more importantly, from a moral standpoint.

2.4.1.3 Economic Sustainability

Economic sustainability is the ability of the organisation to continue to exist on a strong financial footing, or for governments to continue to provide the means to run their country efficiently and effectively. Of the three pillars, it is the most readily understood and measured (Gimenez et al. 2012), since there are a plethora of established metrics for tracking the performance of an organisation, whether profit-making or not, such as return on assets, return on capital employed, cash flow and a whole host of profitability, efficiency and investor ratios. Although 'making profits' might be regarded by some as unethical (Liebowitz 2003), without financial rewards such as dividends and capital growth, people with surplus money (investors) would not invest in businesses, allowing them to provide the goods and services which people need. Without continued rewards given to investors, funds could be withdrawn from businesses, stifling their ability to grow and innovate.

Hence making profits is not intrinsically 'bad'; however, it is often the relentless, single-minded pursuit of profit which can distort behaviour and create negative impacts on the environment and society. Whilst financial performance tracking and target-setting are well-established financial management techniques in all businesses, continually rising profits and economic growth in firms can be unsustainable if they rely on practices which undermine the other two pillars of sustainable business (Elkington 1997). Therefore, whilst it is clearly the responsibility of the accountant to report on the financial performance of the organisation and to continue to set targets for its improvement, they should be mindful of the risks of their business model in the long run.

Many financial metrics are quite short term in nature, and indeed both managers and investors tend to be very focussed on short-term performance (the next bonus, pay rise, promotion or dividend) rather

than taking the longer term view (Slawinski et al. 2017); after all, some actions, like tackling emissions can be slow to payback financially and therefore can be seen as a drain on resources in the short term. Equally, low pay for employees increases profits, again at least in the short term: increased staff turnover and poor morale can however undermine those profits in the longer term if employees are not reasonably rewarded for their efforts. Despite their inherent focus on short-term profits, investors are also wary of risk and uncertainty; they are more likely to reward firms by investing in those that manage their risks effectively in order to protect shareholder dividend payments and share price growth, rather than those who do not (Rodriguez-Fernandez 2016; Rakotomavo 2012). Hence, active management of business risks stemming from the wider environment or social issues is a key part of the accountant's remit in both measuring performance (choosing an appropriate mix of metrics to measure) and in setting targets to ensure the longevity of the firm economically.

2.4.2 Corporate Social Responsibility

CSR is also very closely allied with the Triple Bottom Line approach, since it likewise focuses on the environmental and social aspects of business, however it also tends to address the concept of governance as well. Many businesses, particularly those listed on stock exchanges, now report on their CSR activities either on their websites or in their annual reports, so it is not uncommon to see an environmental report, a social responsibility report, a governance report or a generic CSR report informing the external stakeholders of the firm about the activities which the organisation is undertaking in order to be responsible beyond its day-to-day business.

Like sustainability, CSR has a plethora of definitions; some texts even refer to it as Corporate Social Performance (CSP) (Wood 2010; Waddock and Graves 1997) to emphasise the performance (i.e. 'actively doing something and recording it'), rather than the 'responsibility' aspect of an organisation's activities (which may be more 'intent' than actual action). This latter aspect of 'intent rather than action' is also referred to as 'greenwashing' (Lyon and Maxwell 2011; Wu and Shen 2013), where firms disclose some activities which are easy to achieve and look appealing, but in reality mask inactivity in other areas or worse, are exaggerated depictions of their actual activities.

The most common definitions of CSR include McWilliams and Siegel's (2000) which depicts CSR as:

> actions that appear to further some social good, beyond the interests of the firm and that which is required by law. This… means going beyond obeying the law. Thus, a company that avoids discriminating against women and minorities is not engaging in a socially responsible act; it is merely abiding by the law. (p. 604)

Waddock's (2004) definition also includes the concept of environment in her depiction of CSP as being:

> the broad array of strategies and operating practices that a company develops in its efforts to deal with and create relationships with its numerous stakeholders and the natural environment. (p. 8)

A further consideration of 'being a good corporate citizen' is encompassed in Carroll's (1979) pyramid of CSR which stressed that an organisation has

> not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well. (Carroll 1991, 1979, p. 40)

So why should businesses get involved in CSR? After all, they are responsible to their shareholders and capital providers to provide adequate returns. This is the classical position adopted by Friedman (1970) who stated that only people, not organisations have a 'social responsibility' and that if corporate managers diverted shareholders' funds away from the core business of making money, that they were acting beyond the shareholders' desires, or no longer 'serving the interests of the principle' (Friedman 1970, p. 3) in the agent (manager)—principle (shareholder) relationship. Friedman (1970) stated that anything beyond a focus on returning profits to shareholders was outside of the responsibility of management and even a breach of the trust of those who have entrusted their money to the company. The logic behind Friedman's argument was that if a firm focuses on making profits, then it is using the capital provided to it in the most efficient way and is employing people and assets effectively and efficiently, which is all that business could be expected to do within the rule of law in a given country.

However, what this classical approach did not consider was the changing perception of business and its role. For example, whilst it may have been financially efficient and socially acceptable to use child labour in mills in the Victorian era, it is not deemed morally acceptable now (although there is no suggestion that Friedman was advocating this behaviour). Societal perceptions of what business is expected to do have evolved (Lacey et al. 2015; Hemingway and Maclagan 2004). Whilst there is still recognition that making money is the role of most organisations (though clearly not true for public sector organisations or charities, although they still need to manage their finite resources), it is no longer deemed acceptable for firms to utilise child labour, either in their country of origin or elsewhere in their supply chain wherever in the world that may be. This is true of other business practices that were once deemed societally 'acceptable', including regarding labour as merely a 'factor of production' in line with classical economists such as Adam Smith, Thomas Malthus and John Stuart Mill, rather than seeing an employee in a business today as a contributory participant (Parks 1995).

Considering the broader impacts of business on the people within it and affected by it is the underlying principle to stakeholder theory. Commonly attributed to Freeman (1984), stakeholder theory is 'about value creation and trade and how to manage a business effectively' (Freeman et al. 2010, p. 9). This is achieved by considering the multiplicity of stakeholders (individuals or groups) who are affected in some way by the activities of a business and attempting to tend to their needs as far as is practical. It is acknowledged that for any given business, it is impossible to address every stakeholder's needs, since the capacity (both financial and human) of the organisation to do so is finite. However, the idea is that some consideration is made of the impacts of the business on other stakeholders beyond merely the capital providers (for example, loan providers and shareholders); which is the classical view (Friedman 1970) as discussed previously.

As such, stakeholder theory is the underpinning concept of CSR, that by 'doing good', businesses will also perform well due to a reduction in costs and business risk (of litigation or fines for poor practices), improved employee relationships and motivations, and legitimacy (or the support to exist) from the wider community (Chernev and Blair 2015; Garay and Font 2012). CSR should be embedded throughout the organisation and form part of corporate policy-making. Business decisions should consider all three aspects (environmental, social and governance) of CSR, in

order to ensure sustainability and longevity not only to the business but society too. That is not to say that this is easy; there are undoubtedly trade-offs which firms need to make with the finite resources at their disposal. Equally, one cannot lose sight of the fact that most organisations have shareholders who require returns on their invested capital and can withdraw their support should they feel that organisations are no longer delivering what they expect.

Hence the third aspect that CSR activities encompasses, that of corporate governance, serves to reassure shareholders of the good management activities of the organisation. Due to the often poor reputation business has with regards to unethical business practices which can lead to large business collapses or scandals, such as Enron, Worldcom and Parmalat (Bayou et al. 2011), corporate governance practices have been developed across the world (such as the UK Corporate Governance Code (Financial Reporting Council 2012). The purpose of these practices is to ensure that companies are well managed from the board downwards and that there are adequate policies and procedures in place to foster an environment of good management. To this end, organisations now routinely publish reports on their governance and board processes to provide a level of reassurance to the investment community.

From an accountant's point of view, engagement with CSR, like that of the Triple Bottom Line or sustainability in general, should be a normal business activity. Crossing all departments and levels in an organisation as all these concepts do, accountants are well-placed to be able to influence and design systems of performance management and policy-setting in order to encompass the wide-ranging requirements to report on the myriad of activities taking place.

2.5 Conclusion: Assessing Sustainability and Social Responsibility: The Role of the Accountant?

The business world is very data or evidence-driven (Davenport and Bean 2018). Given the vast range of activities that a firm could undertake and the finite nature of the resources available to it, it is necessary for organisations to focus on only a few activities at any one time, to maximise the likelihood that they are achieved. What the organisation chooses to focus on is usually determined with reference to the overall aims and objectives of the firm through its strategy. This strategy process may be driven by a myriad of motivations: increasing profit, maintaining competitiveness or

reducing risk. Whilst arguably historically much was driven by increased profitability or maintenance of dividend payments, increased focus on business risk and changing perceptions of the role of organisation has highlighted the reliance of firms on their environment for basic raw materials, skilled workforce or legitimacy within the community. Indeed, many businesses are already actively engaging in sustainability, whether through pressure external to the firm or internally-driven by management perceiving it as an opportunity as well as a challenge (Blowfield 2013; Blowfield and Murray 2011).

This change in perspective to a multi-stakeholder accountability model (Harrison and Freeman 1999) has led to a plethora of data and metrics to measure corporate sustainability and social responsibility and to demonstrate the impact of the business outside its economic performance. Whilst many of these metrics are focused on environmental impacts, there are some associated with social impacts also included in the 17 UN Sustainable Development goals (UN 2015b), which should form the basis for government and corporate policy worldwide. Whilst organisations may not be explicitly working towards these development goals, inevitably many firms will choose (or be mandated) to select targets to improve environmental and social performance as well as economic. This means that accountants, including auditors, will need to engage with and assure a much broader set of metrics (both financial and non-financial) in order to demonstrate progress being made. This will require a wider skillset than that of the traditional accountant and will need to consider the governance and ethical compass of the organisation (Hemingway and Maclagan 2004; Liebowitz 2003) in the setting of strategy, the prioritisation of targets and the development of measurement systems to support the multivariate nature of the modern business landscape.

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