

Accountancy education must evolve quickly to prepare for a sustainable future

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THE BOTTOM LINE

Accountancy education must evolve quickly to prepare for a sustainable future

By Ho Yew Kee

IT IS almost unthinkable that accounting students or professionals do not understand or are unable to apply the International Financial Reporting Standards (IFRS), which Singapore has adopted as its key financial reporting regime. The IFRS, which began to take shape in the late 1980s, has become the financial reporting standard for around 168 jurisdictions worldwide.

The accounting profession encompasses financial reporting and auditing, along with specialised fields such as taxation, valuation, risk management, financial forensics and, most recently, sustainability reporting and assurance. As the world becomes increasingly dependent on technology, accounting students and professionals can tap technological innovations to remain relevant and effective.

The International Sustainability Standards Board (ISSB) was established by the IFRS Foundation in 2021 to set global stan-

dards for sustainability reporting, aimed at investors and financial markets. This effort mirrors the rise of the IFRS. Countries in the European Union, the United Kingdom, Australia, Canada, and many others already use the IFRS, making it the "gold standard" because it ensures consistency, transparency, and comparability across global markets.

Hoping to repeat success

The IFRS Foundation now hopes to do the same for sustainability reporting, positioning it as an essential part of accounting, just as financial reporting has become. If successful, the ISSB could establish global standards for sustainability reporting, much like how IFRS has become a global standard for financial reporting.

The IFRS Foundation recognised the opportunity and importance of sustainability, and accountants, being experts in financial measurement, are well-positioned to lead the reporting of sustainability matters. One view is that all sustainability mat-

ters will manifest in the financial reports or financial well-being of a company. This would mean that there must be credible and robust standards guiding the recognition, measurement, and disclosure of reportable sustainability issues to relevant stakeholders. Additionally, just like financial reports, there will be a need for external assurance to ensure that the sustainability report is credible.

Will the world have a multitude of sustainability standards like the current IFRS? Maybe. Will one of these sustainability standards have the same operational impact as IFRS? The answer is likely "yes". This implies that accounting students and professionals need to prepare for the impending tsunami of sustainability reporting.

A recent study by the Institute of Singapore Chartered Accountants titled *Making Accountancy Education Fit for Purpose for the New Economy* highlights the need to equip accounting students with sustainability education. It is heartening to know

that accounting schools in Singapore are keeping up with the times by ensuring that their curriculum is relevant and fit for purpose, including sustainability skills and knowledge.

The study found that the five public universities in Singapore with accounting programmes either embed sustainability skills and knowledge into their curriculum or offer specific courses on sustainability, which cover an average of 5 per cent of the curriculum. Similarly, the six key public universities in Hong Kong dedicate an average of 3 per cent of their curriculum time to covering sustainability.

Need to evolve

However, if accounting syllabuses do not evolve further to include sustainability reporting, accountants risk falling behind in a rapidly transforming landscape. As sustainability becomes central to business strategy and financial reporting, accountants without expertise in this area could become increasingly irrelevant.

Given that sustainability skills and knowledge cover a wide spectrum of issues, how can accountants be adequately trained? The key is to start with a basic understanding of sustainability matters and then delve into the recognition, measurement, and disclosure of sustainability. This will further lead to an understanding of how sustainability practices will affect the values, business models, and long-term survivability of a company. This is what accountants do with financial information for a company's long-term viability.

We are still in the early days of this sustainability push, but the urgency will accelerate as more extreme weather and natural phenomena wreak havoc on communities and businesses. The recent wildfires in Los Angeles have caused unimaginable losses to the community and companies. Accountants can play a leading role in informing communities and businesses to better prepare for the challenges of a highly volatile world resulting from anthropogenic actions. Accountants can be a significant force in holding back or delaying the further deterioration of our stressed planet.

The writer is a professor and deputy dean of the Chow Yei Ching School of Graduate Studies at City University of Hong Kong.