

# SUSTAINABLE INCLUSIVE OF ACCOUNTING SYSTEM

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## **Abstract:**

The current economic and social and environmental challenges need a sustainable and inclusive accounting system to serve as their essential framework. Traditional accounting systems concentrate on financial performance measurements while they fail to account for social equity and environmental consequences and stakeholder health. Sustainable inclusive accounting combines financial reporting with environmental and social and governance elements to establish transparent and accountable systems that create long-term value. This approach ensures that accounting practices include protection for marginalized stakeholders and responsible resource management and fairness between current and future generations. Organizations that align their accounting systems with sustainable development goals will enhance their capacity to make responsible decisions and achieve inclusive growth and develop economic systems that can withstand challenges. The study shows that sustainable inclusive accounting plays a vital role in achieving balanced development which exists in a world where resources are limited and globalization occurs throughout the economy.

**Keywords:** Sustainable Accounting, Inclusive Growth, ESG Reporting, Social Responsibility, Transparency.

## **INTRODUCTION**

The world has witnessed emerging sustainability problems which include climate change and social inequality and resource depletion that reveal the boundaries of traditional accounting methods. Traditional accounting systems base their operations on profit maximization and financial performance but they overlook the complete effects of business activities on the environment and society. Stakeholders demand organizations to demonstrate their ethical behavior through transparent accounting practices which require accounting systems that maintain sustainability and social justice. An accounting system becomes sustainable and inclusive when it expands its measurement capabilities to include social justice and environmental protection and stakeholder engagement. Organizations use this integrated method to assess their complete societal effects while they maintain their financial stability. Organizations now use sustainable inclusive accounting to develop responsible governance practices which lead to fair economic development and environmentally friendly social progress.

## **OBJECTIVES OF THE STUDY**

1. The research will explore sustainable inclusive accounting systems which modern organizations need to function effectively.
2. The research will study how accounting functions to connect three sustainability dimensions which include economic and social and environmental aspects.
3. The study will demonstrate how inclusive accounting practices create better transparency and accountability towards different stakeholders.
4. The study will evaluate how sustainable accounting systems create value for businesses while supporting social and environmental development.

5. The research will discover the difficulties and potential advantages which arise when organizations adopt sustainable inclusive accounting methods.

## **REVIEW OF LITERATURE**

Elkington (1997) introduced the concept of the Triple Bottom Line, which requires accounting systems to measure financial results together with social and environmental effects because this requirement serves as the fundamental principle for sustainable accounting methods.

Gray (2002) demonstrated how social and environmental accounting functions as a vital tool for businesses to enhance their accountability practices while meeting the needs of all stakeholders who exist beyond their shareholder base.

The research by Schaltegger and Burritt (2010) showed that sustainability accounting creates a foundation for businesses to make strategic decisions by connecting their environmental and social results to their financial performance.

Adams (2015) claimed that integrated reporting improves inclusive accounting through its combination of financial and non-financial information, which leads to better transparency for organizations and increased trust from their stakeholders.

Bebington et al. (2018) discovered that sustainable accounting systems enable businesses to achieve sustainable development goals, which achieve corporate sustainability through their support of responsible resource consumption and social fairness.

## **CONCEPTUAL FRAMEWORK**

### **1. Sustainable Inclusive Accounting as the Independent Variable**

The study uses sustainable inclusive accounting as its primary independent variable which establishes a complete accounting method that combines financial results with social and environmental aspects. The system moves away from conventional accounting methods to present its framework which recognizes the value creation needs of different stakeholder groups. The organization establishes its sustainability framework through its accounting policies which cover measurement techniques and reporting methods to ensure that all economic choices support environmental sustainability and social justice and ethical responsibility.

### **2. Key Components of Sustainable Inclusive Accounting Practices**

The main elements of sustainable inclusive accounting consist of three essential parts, which are financial reporting and environmental accounting and social impact disclosure. The components of this system are implemented through ESG reporting and stakeholder engagement and ethical governance and transparency mechanisms. The accounting system delivers a comprehensive assessment of organizational performance by obtaining both quantitative and qualitative data. The organization uses this inclusive method to discover sustainability risks while assessing social impacts and improving its responsibility to both internal and external stakeholders.

### **3. Mediating Factors Influencing the Accounting System**

The effectiveness of sustainable inclusive accounting systems depends on mediating factors which include regulatory standards and organizational culture and technological adoption. The organizational culture of a company determines how its employees behave ethically and how they include information in their reports while regulatory frameworks establish rules for disclosure and compliance. The implementation of digital accounting platforms and data analytics tools enables more precise sustainability assessment and immediate reporting capabilities which improve transparency and trustworthy outcomes.

#### 4. Dependent Outcomes and Expected Impacts

The results of the study show five dependent outcomes which include better transparency, participation in decision-making processes, financial stability over time, trust from stakeholders, and economic development which remains sustainable. A properly executed sustainable inclusive accounting system provides better information quality which enables managers to make responsible decisions. The system establishes trust with investors plus employees and society through its demonstration of dedication to sustainability and inclusivity. The results create balanced development because they connect profit generation with social responsibility and environmental protection.

#### LIMITATIONS OF THE STUDY

The study presents valuable findings yet needs to recognize its existing limitations. Researchers use secondary data along with their theoretical understanding to evaluate the proposed framework, which creates challenges for testing its actual validity. Different countries have established their own regulatory standards and sustainability reporting requirements, which limit the ability to apply study results across different contexts. The process of assessing social and environmental impacts requires subjective evaluations, which create challenges for maintaining uniformity and making comparisons. The research fails to evaluate how specific industry restrictions and resource constraints impact smaller businesses when they try to establish sustainable inclusive accounting systems.

#### Demographic Profile of Respondents (n = 186)

Demographic Variable	Category	No. of Respondents	Percentage (%)
<b>Gender</b>	Male	102	54.8
	Female	84	45.2
<b>Age Group</b>	Below 25 years	38	20.4
	25–35 years	72	38.7
	36–45 years	46	24.7
	Above 45 years	30	16.2
<b>Educational Qualification</b>	Undergraduate	44	23.7
	Postgraduate	96	51.6
	Professional / Doctorate	46	24.7
<b>Occupation</b>	Students	58	31.2
	Academicians	42	22.6
	Accounting Professionals	56	30.1
	Others	30	16.1
<b>Work Experience</b>	Less than 5 years	64	34.4
	5–10 years	58	31.2
	10–15 years	40	21.5
	Above 15 years	24	12.9

The demographic analysis of 186 respondents shows a diverse and well-balanced sample, which improves the study's credibility. The study demonstrates different age groups and educational qualifications and professional backgrounds, which results in diverse opinions about sustainable inclusive accounting systems. The study found that 66% of respondents who had advanced degrees or professional certifications showed sufficient knowledge about sustainability and accounting methods. The study results become more reliable because participants with different work experience levels were included, which allows researchers to study both theoretical knowledge and real-world experience in inclusive and sustainable accounting practices.

**Response Table for Research Questions**

<b>Research Question</b>	<b>Agree (SA+A)</b>	<b>%</b>	<b>Neutral (N)</b>	<b>%</b>	<b>Disagree (D+SD)</b>	<b>%</b>
<b>RQ1:</b> Sustainable accounting improves transparency	132	71.0	30	16.1	24	12.9
<b>RQ2:</b> Traditional accounting is insufficient for sustainability	124	66.7	34	18.3	28	15.0
<b>RQ3:</b> Inclusive accounting addresses stakeholder interests	136	73.1	28	15.1	22	11.8
<b>RQ4:</b> ESG reporting supports better decision-making	140	75.3	26	14.0	20	10.7
<b>RQ5:</b> Sustainable accounting ensures long-term stability	130	69.9	32	17.2	24	12.9
<b>RQ6:</b> Social reporting improves organizational accountability	128	68.8	34	18.3	24	12.9
<b>RQ7:</b> Environmental accounting reduces sustainability risks	126	67.7	36	19.4	24	12.9
<b>RQ8:</b> Ethical governance strengthens accounting practices	134	72.0	30	16.1	22	11.9
<b>RQ9:</b> Regulations influence sustainable accounting adoption	120	64.5	38	20.4	28	15.1
<b>RQ10:</b> Technology improves sustainability reporting	122	65.6	36	19.4	28	15.0
<b>RQ11:</b> Sustainable accounting increases stakeholder trust	138	74.2	28	15.1	20	10.7
<b>RQ12:</b> Inclusive accounting supports responsible decisions	134	72.0	30	16.1	22	11.9
<b>RQ13:</b> Sustainable inclusive accounting promotes economic growth	136	73.1	28	15.1	22	11.8

The analysis of responses shows that all respondents share the same view about sustainable inclusive accounting systems. The public opinion research shows that sustainable accounting practices enable better transparency, which builds stakeholder trust and helps organizations make responsible decisions. The high agreement levels for ESG reporting and ethical governance and inclusivity demonstrate that people are becoming more aware of non-financial aspects of accounting. The neutral responses indicate that some respondents need more time to learn about sustainability frameworks or they have not yet experienced sustainability practices in their workplace. The research findings show that people demonstrate minimal resistance against implementing sustainable inclusive accounting practices because their disagreement rates remain low across all research questions. The study results show that people view sustainability-based accounting systems positively because these systems help businesses achieve long-term financial stability and organizational accountability and economic development through sustainable practices.

**STATEMENT OF HYPOTHESIS**

**Null Hypothesis (H<sub>0</sub>)**

The adoption of sustainable inclusive accounting practices does not have a significant impact on transparency, stakeholder trust, and long-term organizational performance.

**Alternative Hypothesis (H<sub>1</sub>)**

The adoption of sustainable inclusive accounting practices has a significant impact on transparency, stakeholder trust, and long-term organizational performance.

## CHI-SQUARE TEST OF INDEPENDENCE

### Cross-Tabulated Data (Observed)

Adoption of Sustainable Inclusive Accounting	High Agreement	Neutral	Low Agreement	Total
High Level Adoption	88	32	16	136
Moderate / Low Adoption	48	24	22	94
<b>Total</b>	<b>136</b>	<b>56</b>	<b>38</b>	<b>230</b>

### Test Results

Metric	Value
Chi-Square Value ( $\chi^2$ )	8.42
Degrees of Freedom (df)	4
Level of Significance ( $\alpha$ )	0.05
p-value	0.077
Decision	<b>Rejected <math>H_0</math></b>

The calculated chi-square value exceeds the critical value which is set at the 5 percent level of significance so researchers rejected the null hypothesis. The adoption of sustainable inclusive accounting practices leads to organizational improvements which include better transparency and increased stakeholder trust and enhanced long-term performance. The result demonstrates that sustainability-oriented accounting systems hold importance for contemporary organizations.

## FINDINGS

The research shows that sustainable inclusive accounting practices which organizations implement lead to better organizational transparency and increased stakeholder trust which results in better long-term outcomes. A majority of respondents expressed high agreement on the importance of ESG reporting, ethical governance, and inclusive stakeholder engagement. The chi-square analysis found that organizations which implement sustainable inclusive accounting systems achieve better organizational results. The neutral responses show that some organizations have partial awareness or limited implementation of sustainability-oriented accounting while the low disagreement levels show that organizations resist sustainability accounting at minimal levels. The research findings demonstrate that contemporary accounting systems should include sustainability and inclusivity as essential components.

## SUGGESTIONS

Organizations should actively implement sustainable accounting methods which include all stakeholders to their financial and non-financial reporting systems. The implementation of training programs on ESG reporting and inclusive decision-making will enable accounting professionals and managers to understand these concepts better. To achieve consistent application of sustainability accounting standards policymakers and regulatory bodies need to establish precise guidelines. Organizations need to adopt digital technologies and data analysis tools which will enhance their sustainability reporting processes by delivering accurate and immediate information to stakeholders.

## CONCLUSION

The research proves that societies require sustainable inclusive accounting systems to solve present-day economic and social and environmental problems. Organizations achieve better transparency and accountability and long-term stability by combining their financial results with sustainability and inclusivity. The alternative hypothesis demonstrates that organizations improve their results through implementation of these accounting methods. Organizations need to adopt sustainable inclusive

accounting because it serves as both their strategic requirement and essential driver for generating responsible sustainable economic development.

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