

## **A NOTE ON ACCOUNTING FOR NEGATIVE ECONOMIC EXTERNALITIES**

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### **Abstract**

A negative externality is the indirect imposition of a cost by one party onto another. The “triple bottom line” (people, plant, and profit) in accounting education needs to better address and assign negative economic externalities. Accounting higher education programs need to better incorporate negative economic costs in pedagogy.

### **Keywords**

Accounting, Negative Economic Externalities, Triple Bottom Line

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### **Introduction**

According to Kenton (2024) an economic externality cost is caused by one party but financially incurred by another part. Specifically, a negative externality is the indirect imposition of a cost by one party onto another. This note on accounting for negative economic externalities examines the evolving responsibility, the existing questions and the expectation of the “triple bottom line” (people, plant, and profit) pedagogy in accounting education. Higher education institutions (HEIs) bear an ethical responsibility to act for the “greater good” by fulfilling civic duties, avoiding harm to society and the environment, and taking actions that benefit others.

### **Literature Review**

In previous research, Sales de Aguiar and Paterson (2018) found maintainable growth objectives were enhanced by shared and conservation coverage in courses. Vien and Galik (2024) studied the link between both separate and connected maintainable growth objectives (MGOs) and determined MGOs need to be incorporated within higher education’s knowledge and education goals. Toledo (2024) stressed the importance of scholarly study to enhance pedagogy with respect to sustainability. Stewart (2024) researched four sustainable development dimensions (environment, economy, society and education), and she found significant differences between certain magnitudes of sustainable development and students' views.

### **Analysis**

As enrollments decrease, institutions of higher learning must adapt and change to the changing demographics, but retrenchment is only one alternative to dealing with declining enrollment, Joyce (2024, March). In addition, according to Joyce (2024), rural regional universities need to address the “enrollment cliff” by rethinking their purpose and restructuring their organizations. Cho and Costa (2024) discuss how higher education are capable of boosting sustainability by education students by revising accounting programs with respect to economic ethics using active learning and collaboration. According to Bone Ross (2021), faculty in higher education should continue to study revising and advancing the current core curriculum with significant educational goals.

This transformative opportunity also requires engagement with the professional bodies to determine the professional curriculum, according to Symes et al. (2024). Joyce (2024, September) advocates for sustainability to be included in financial reporting.

## Conclusion

Engagement with professional accounting bodies, according to Terblanche et al. (2023) includes challenges for Accountancy faculty. These challenges to renovate the accountancy professions in two directions: employability (Senan and Sulphrey, 2022) and lifelong learning, (Nimmi et al., 2021). New accounting professions (Khelifi et al., 2023) will emerge in the future, and the interplay with the current HEI model and program is crucial (Jiang, 2022).

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