

Quantitative Research in Sustainability Accounting PhD Course

AFAANZ – AFDEN 2025

Instructor: Professor Naomi Soderstrom FASSA

Dr. Soderstrom received her Ph.D. in Accounting and Information Systems from Northwestern University. She is a Fellow of the Academy of Social Sciences in Australia. Her primary research areas are sustainability and management accounting. She has published over 70 papers and has presented her research at over 60 universities worldwide. Her work has appeared in major journals including *Journal of Accounting and Economics*, *Journal of Accounting Research*, *The Accounting Review*, *Journal of the American Medical Association*, *Review of Accounting Studies*, *Contemporary Accounting Research*, *Inquiry*, *Journal of Management Accounting Research*, *Journal of Accounting, Auditing, and Finance*, and *Journal of Accounting and Public Policy* in the U.S. and *Accounting Organizations and Society* and *European Accounting Review* in Europe. In addition to serving on the editorial boards of several journals, she is a former Editor of *Journal of Management Accounting Research* (2016-2018), and *Journal of Accounting and Public Policy* (2018-2024), and served as Guest Editor for a special issue of *Journal of Management Accounting Research* on sustainability reporting and management.

Overview:

This course is designed to give students a background on accounting sustainability research. The course will trace the development of the field, identifying research themes, methods, and challenges in pursuing sustainability research topics. The course consists of three 2-hour modules. The first will an overview of historical sustainability-related research, identifying themes that resonate with current research. The second module will focus on market valuation of climate-related disclosures. The focus on disclosure is particularly relevant for Australian researchers given the new climate-related reporting standards in Australia as well as new disclosure requirements under IFRS. The third module will focus on measurement issues in sustainability research, particularly related to measuring sustainability performance.

Readings:

Session 1: Background

Clarkson, P. "The Valuation Relevance of Environmental Performance: Evidence from the Academic Literature" *Contemporary Issues in Sustainability Accounting, Assurance and Reporting* 11-42 (2012)

Christensen, H., Hail, L., and Leuz, C. "Mandatory CSR and Sustainability Reporting: Economic Analysis and Literature Review" *Review of Accounting Studies* 26:1176-1248 (2021)

Suggested reading for those students interested in Management Accounting:

Soderstrom, K., Soderstrom, N., and Stewart, C. "Sustainability/CSR Research in Management Accounting: A Review of the Literature" *Advances in Management Accounting* 28:59-85 (2017)

Cheng, M., Perego, P., and Soderstrom, N. "Sustainability and Management Accounting Research" *Journal of Management Accounting Research* 35(3):1-11 (2023)

Session 2: Market Valuation of Climate-Related Disclosures

Matsumura, E., Prakash, R. and Vera-Muñoz, S. "Firm-Value Effects of Carbon Emissions and Carbon Disclosures." *The Accounting review* 89 (2014): 695-724.

Griffin, P., Lont, D. and Sun, E. "The relevance to investors of greenhouse gas emission disclosures." *Contemporary Accounting Research* 34 (2017): 1265-1297.

Sautner, Z., van Lent, L., Vilkov, G. and Zhang, R. "Firm-level climate change exposure." *The Journal of Finance LXXVIII* (2023): 1449-1498.

Berkman, H., Jona, J. and Soderstrom, N. "Firm-specific climate risk and market valuation" *Accounting Organizations and Society* 112 (2024) <https://doi.org/10.1016/j.aos.2024.101547>

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Session 3: Sustainability Performance Indices

Ilinitch, A., Soderstrom, N. and Thomas, T. "Measuring corporate environmental performance." *Journal of Accounting and Public Policy* 17 (1998): 383-408.

Chatterji, A., Durand, R., Levine, D. and Touboul, S. "Do Ratings of Firms Converge? Implications for Managers, Investors and Strategy Researchers." *Strategic Management Journal* 37 (2016): 1597-1614.

Berg, F., Kölbel, J. and Rigobón, R. "Aggregate Confusion: The Divergence of ESG Rating." *Review of Finance* 26 (2022): 1315–1344.

Brandon, R., Krueger, P., and Schmidt, P. "ESG Rating Disagreement and Stock Returns." *Financial Analysts Journal* 77 (2021): 104 - 127.

Assessment:

Academic researchers are under increasing pressure to make their research accessible to broader audiences. The Conversation is an example of an outlet that helps academic researchers translate their current research topics. Keys to a good article include avoiding academic jargon, focusing on a topic that is important to society, and writing in a concise and more conversational tone. Here is an example of an academic article and its corresponding article in The Conversation:

Li, K., Luo, J., and N. Soderstrom "Air Pollution and Analyst Information Production." *Journal of Corporate Finance*. 60: 101536, 2020.

Li, K., and N. Soderstrom "Smoke haze hurts financial markets as well as the environment" The Conversation. <https://theconversation.com/smoke-haze-hurts-financial-markets-as-well-as-the-environment-127511>. 2019.

Sustainability-related research in accounting provides excellent opportunities for researchers to extend the impact of their work. With the emergence of mandatory sustainability-related reporting standards and the increasing impact of climate change, the topics that we study are excellent candidates for translating our research. The assignment is for you to take a current sustainability-related paper (either a working paper or one that has been published within the last 2 years) and write an article that could be publishable in an outlet such as The Conversation. Your article is limited to 750 words.