

RESPONSIBLE EDUCATION



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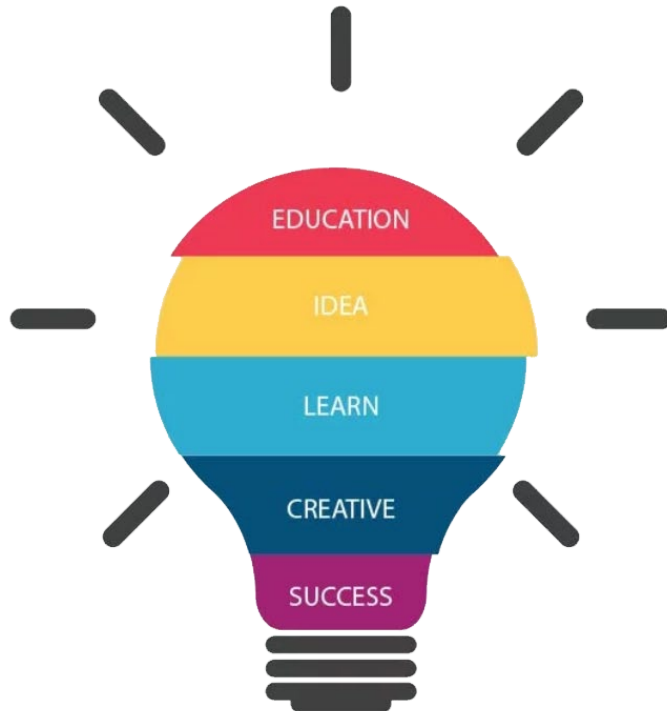
CHALLENGE

Despite 20 years of developments in sustainability reporting and more than 8 in integrated reporting (Adams, 2018), the annual reporting packages of universities have changed little. They are largely unimaginative and backward-looking consisting of compliance disclosures, financial statements and explication of governance structures and management teams with a bit of unverifiable ‘feel good’ information thrown in.

Universities have largely ignored global, cross-sectoral, multi-stakeholder developments in accounting for sustainability (Adams, 2013). Further, in contrast to efforts to develop ‘integrated thinking’ in the corporate world (Adams, 2017a), University structures and strategies continue to reflect functional and discipline silos (notwithstanding some admirable attempts to develop interdisciplinary research) and a separation of the academic from the operational.

Yet universities have significant influence over a large proportion of the world’s future leaders. Reporting, managing, engaging and developing strategy on sustainable development issues therefore stands to have considerable impact. Similarly, the way students are educated can be a force for change (Adams et al, 2011). Universities thus have the potential to make one of the biggest impacts of any sector through sustainability reporting and stand to be amongst the biggest beneficiaries of integrated thinking and integrated reporting.

The benefit to a university (and its stakeholders) of working out how it creates value and for whom (i.e. developing the value creation statement of an integrated report) is incalculable. The resulting statement would resonate much more than the bland and undifferentiated vision and mission statements (often involving mention of a higher position in rankings) which populate university websites.





CHALLENGE



Universities depend on financing from students (and their parents or effectively the community), governments, industry and alumni, but they do not set out their ‘business model’ for making a contribution to the economic, social and environmental welfare of these providers of finance in a systematic way. Few university reports consider how their business model draws on and transforms multiple capitals (people, buildings, natural resources, relationships with stakeholders, systems and processes as well as finance) to create value.

As a result, the value a university creates through relationships with various stakeholders (including students, professional and government bodies, for example), the education it provides and its research is perhaps not considered in a systematic or holistic way when developing strategy (Adams, 2017a on the role reporting and Board/Council involvement in reporting play in influencing thinking and action). Indeed, university engagement with stakeholders tends to be ad hoc, unsystematic and decentralised, thus raising questions as to its ability to pick up material ‘external environment’ risks and opportunities for incorporation into strategy. This is in part inferred from the lack of reporting identifying key stakeholders, how the universities engage with them and what their material issues are. Such disclosure is a feature of corporate sustainability and integrated reports.



CHALLENGE

The university sector has criticised in recent years from national governments for lack of real impact (as distinct from measures of citation which in any case reflect that a large proportion of published research is not influential) of much of research. The situation has resulted in governments implementing means of assessing and rewarding research which makes a difference to practice and policy. A particular impetus for change comes from governments around the world committing to 17 United Nations Sustainable Development Goals (SDGs). Universities are central to achievement of all 17 goals and governments may hold them accountable for making a contribution. Adams (2017b) provides practical guidance on how contribution to the SDGs can be aligned with strategy to create value.

If universities can figure out how they create value, for whom and develop strategies which reflect dependence on multiple capitals and a systematic approach to identifying broader risks and opportunities, they might

stave off government intervention in their affairs and reduce reliance on flawed approaches to ranking. One might therefore expect that, in taking these responsibilities seriously, universities would be at the forefront of sustainability and integrated (reporting) practice. Yet, despite various national initiatives to “green” universities, a sector search on www.corporateregister.com, www.unglobalcompact.org and www.globalreporting.org reveals that only a tiny proportion of the world’s universities publish sustainability and integrated reports using globally accepted guidelines and frameworks. (Each of these three web sites are recognised repositories for reports which use the UN Global Compact Principles, the Global Reporting Initiative sustainability reporting guidelines and the AA1000 Standards).

Universities, their graduates and professors are expected to be at the forefront of developments which impact people, planet and organisations. Moreover, universities have a significant influence on future leaders and on

teachers and parents of future generations. This influence is not only direct through education, research and knowledge transfer, but also indirect through the example a university sets by managing and being accountable for its sustainability performance.

Leeds Business schools can take a lead in spreading the word on integrated reporting and developing the next generation of business leaders through research and engaging business leaders and students. Particularly is important for the universities to train to the most innovative business developments. Integrated reporting is a way of engaging the students into a reflection about accounting for more than “just” financial capital and traditional shareholders. The topic is a nice introduction to talk about intangibles, environmental externalities, human capital, but also the role of the different stakeholders in relation to integrated organizational reporting.

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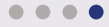


PRACTICE



Leeds Beckett University team has also been in touch with the IIRC in relation to the recent call they made on creating “a high-level syllabus for professional development programmes”, and anchored the integrated reporting into some of our teaching. Some of our colleagues are doing research on integrated reporting since late 2012. Our research has been focusing on the current integrated reporting field, the history of the integrated reporting “idea” and a case study of a UK IIRC pilot company where we had privileged access. We have published and presented at conferences and also plan to use a case study for teaching out of our project.

Leeds Beckett University has introduced several undergraduate and postgraduate modules to encourage responsible and ethical behaviour. These include Business Ethics, Governance and Social Responsibility, Third Year; Responsible Management, Second Year; Contemporary Issues in Business, Third Year; Sustainable Development, Third Year; The Board Executive and Good Governance, Post Graduate; Critical Perspectives in Leadership and Governance, Post Graduate. Particularly, the Sustainable Development module encourages students to critically examine the main theories of sustainable development and their efficacy; to critically assess the methods of achieving sustainable development; and to evaluate the effectiveness of policy responses which seek to achieve environmental sustainability.



PRACTICE

What motivates to set up modules in integrated reporting? We are acutely aware of the importance of greater accountability within the UK corporate environment, and that integrated reporting had a potential role to play. Our motivation to embark on the journey to for integrated reporting is very closely linked to our views on advancing the debate on accountability and responsibility. This ties in very closely with the mission of our university Leeds Beckett University. To established a number of academic programs with the explicit intent of advancing the debate on corporate accountability and responsible leadership. This gives an opportunity for responsible leadership through the way that organisations report on their impacts on society and the environment.

Key highlights of the integrated reporting within accounting and finance courses. We have always believed that the critical approach that we follow in the way that we teach integrated reporting has enabled students to develop a nuanced and realistic understanding of the challenges facing the world and the role that reporting can play in addressing these challenges. This critical approach has also enabled lively classroom debates on the potential of integrated reporting to be a force for change.

Whilst there can be no “one size fits all” approach to managing sustainability in universities, knowledge of the [<IR> Framework](#) provides an opportunity for organisations seeking to respond to the [Sustainable Development Goals](#) (SDGs) to get Board level attention for integrating them into strategy and reporting (Adams 2017).





PRACTICE



Adams (2017) identifies five steps for embedding the SDGs in alignment with the valuation creation process of the <IR> Framework. The steps facilitate identification of risks to and opportunities for value creation and their contribution to the SDGs.

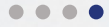
Steps 1- Understanding the external environment.

Steps 2- Identify material issues that influence value creation.

Steps 3- The organisation's strategy identifies how it intends to mitigate or manage risks and maximize opportunities. Organisations should set out their strategic objectives and strategies to achieving material SDGs. This should incorporate resource allocation plans and specific, quantified short, medium and long term targets.

Steps 4- Integrated thinking and connectivity. The <IR> Framework calls on organisations to link their strategy to changes in the external environment including evolving societal expectations and natural resource limitations.

Steps 5- Integrated reporting. Organisations should report on key sustainable development issues which impact on stakeholders and the organisation to influence value creation in the short, medium and long term. Organisations should report their contribution to SDG targets alongside their outcomes with respect to the six capitals.



BENEFITS

Benefits of integrated reporting to universities adopting the principles of integrated thinking and reporting, universities can move away from a focus on reporting short term financial metrics to a multi-stakeholder approach which offers compelling narratives about their value.

- It removes the disconnects between management practice and reporting. This echoes the finding in the corporate sector that reporting is not left out in the cold any more when integrated thinking is being practiced.
- Integrated thinking brings the different stakeholders of a university into the same level playground when it comes to understanding impacts and outcomes.
- The value created by a university is increasingly being understood across the multiple capitals. This is much deeper and wider than value for money. It's about understanding the relationships between the resources available to a university, the stakeholders impacted by the activities of the institution, and the consequent creation (or destruction) of value across the multiple capitals.
- Transparency – more than half the universities involved in the programme report that they are changing their understanding of what it means to be transparent. Highlighting what's important – as opposed to what is covered in university rankings, being an attractive means of communication – tells the university's value creation story. Providing information which is of value to students, staff and prospective students and staff in making decisions about where to study and work. Highlighting important inputs often ignored in reporting and receiving insufficient attention in strategy, involving, identifying and engaging with key stakeholders in a meaningful way, focussing attention on material risks and opportunities. Underscoring the importance of cross disciplinary work, engagement between academics and operational functions and stakeholder relationships. Making access to finance easier and cheaper. Building confidence in the sector and reducing the need for government intervention.