

Integrated reporting and accounting for sustainable development across generations by universities

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Abstract

This article aims to stimulate debate on how integrated thinking and reporting can contribute to value creation for university stakeholders and achievement of the Sustainable Development Goals.

Key words: integrated reporting, universities, Sustainable Development Goals, sustainability reporting

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 (see Adams et al, 2011). Universities thus *had* 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.

Yet despite 20 years of developments in sustainability reporting¹ and more than five in integrated reporting (Adams, 2015), 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. (In making this statement I draw on over two decades of experience involving: cross-sectoral research in sustainability accounting and management processes and judging sustainability reports for awards; working with a number standard and guideline setters to develop reporting on sustainable development issues; working as a professor and senior manager in universities; developing award winning sustainability reports and management systems in a university; and, advising on integrated reporting and sustainability disclosures in other sectors.)

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.

¹ The Global Reporting Initiative which sets internationally recognised sustainability reporting standards is celebrating 20 years of driving global change. See <https://www.globalreporting.org/gri-20/Pages/default.aspx> (accessed 3rd October 2017).

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 (See 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.

Disclosure of a forward-looking strategy which considers economic, social and environmental risks and opportunities drives better strategic thinking and more value creation - and integrated reporting provides a framework for doing this (see Adams, 2017a). In a university this might reasonably be expected to cover the provision of education and encouragement of research which addresses the risks and opportunities arising from a climate changed world with all the issues (such as: energy, water and food security; increased poverty; inequality; refugee populations) that brings. After all, these changes will impact on every person, every job and every industry. Engagement between academic and operational staff on the quest to create value, as broadly defined and with reference to key stakeholders, can result in innovative collaborations and student projects which enhance operational outcomes.

The university sector has come under fire 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. A value creation statement ought to curb the folly of university obsession with journal rankings which, certainly in accounting, privilege North American accounting journals which too rarely publish work outside their jurisdiction. Such rankings fail to adjust for the fact these journals accrue higher citations because North America has a large proportion of accounting academics that research and use prior research work conducted in their own country. These journals have displayed (through their contents pages) a reluctance to publish innovative qualitative research, for example addressing accounting for sustainable development, and developing new theorising and concepts to explain contemporary developments which can inform Business School education. This issue has even received attention from the Prince of Wales and his Accounting for Sustainability charity. (See <https://www.accountingforsustainability.org/en/who-we-work-with/academia.html>, accessed 3rd October 2017). Emphasising the extent of the problem, an email received in October 2017 from one publisher highlighted that 50% of articles published were included in the CiteScore which calculates the citations from all documents in a particular year to all documents published in the previous three years for a particular journal. This means that as well as not having any real impact, much published research is not even influencing other researchers.

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). (See <https://sustainabledevelopment.un.org/?menu=1300>, accessed 3rd October 2017). 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. In the UK the British Universities Finance Directors Group (BUFDG 2016, 2017) and the Leadership Foundation for Higher Education are hoping to guide universities in this endeavour. (See <https://www.lfhe.ac.uk/en/news/index.cfm/IntegratedThinkingannouncement> and https://www.lfhe.ac.uk/en/research-resources/resource-hub/integrated-thinking--reporting/index.cfm?utm_source=WS3&utm_campaign=IntegratedThinking, accessed 3rd October 2017). The challenge for the sector will be not to assume universities need a special set of guidelines as has occurred with sustainability reporting, to the detriment of quality and quantity.

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