

# Sustainability Reporting in Universities

## A Comparison between China and Foreign Countries

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**Abstract**—The objective of this research is to offer opinions on the improvement of sustainability reporting in Chinese universities. By using documentary and statistics methods, the author analyzes sustainability reports in Higher Education Institutions (HEIs) around the world from 2011 to 2013. The results show that sustainability reporting in Chinese universities is not as inferior as people might think it should be when compared to that in foreign universities, but there is still a lot of room for improvement. The research is limited by the limited number of available sustainability reports in HEIs in both China and foreign countries. However, the results show that universities in China could learn from the experience of foreign universities and absorb the useful parts of the existing international guidelines instead of being limited by the domestic standards. This paper provides an analysis of sustainability reporting in universities around the world, which has the potential to promote sustainability reporting in Chinese universities.

**Keywords**—Present Condition Analysis; Sustainability Reporting; Higher Education; China; Comparison between China and Foreign Countries;

### I. INTRODUCTION

“HE holds an important societal position as an educator of future leaders and policy makers, and therefore has a large potential for enabling change towards SD” [1], which makes it worthwhile to study sustainability reports in Higher Education Institutions (HEIs). With corporate sustainability reporting becoming a hot topic, more and more foreign universities are setting out to prepare and publish sustainability reports spontaneously, while the quality of these reports quite varies. On the other hand, within so many universities in Chinese Mainland, only universities from Shanghai are proceeding sustainability reporting under the requirement of Shanghai Spiritual Civilization Office. The form and contents of these reports are rather similar.

“Sustainability reporting offers universities a way to

assess their current state in regards to economic, environmental, social, and educational dimensions. It also helps to communicate such efforts to their stakeholders (e.g. new students, parents, funding bodies, government departments, alumni, current students, academics, and staff).and the communicative” [2]. However, in Chinese universities, the assessment function of SR hasn't been realized yet. The purpose of this paper is to provide practical suggestions for Chinese HEIs to better prepare and utilize sustainability reports as well as encouraging more universities to get involved in sustainability reporting.

### II. PRESENT SITUATION ANALYSIS

#### A. Motives for Preparing Sustainability Reports

It's highly possible that universities in foreign countries prepare sustainability reports of their own accord while universities who report sustainability in Shanghai prepare sustainability reports (SR) mainly because they are required to do so.

This point of view can be deduced from the numbers of schools involved in sustainability reporting from each country or region.

Fig.1 shows clearly the difference in numbers between Shanghai and other countries or regions. If these foreign universities were forced by governments into preparing SR, the number of universities involved at least in one of those countries should be far larger. Although the USA has 14 universities publishing SR, but these HEIs are spread in a lot of states, thus there can't be a compulsory regulation for them to prepare SR. And what seems to be driving the incipient reporting is “a growing recognition by sustainability offices and students that their institutions should understand and communicate sustainability performance” [3]

Later the quality difference between Chinese and foreign universities and the reasons for these differences are discussed.

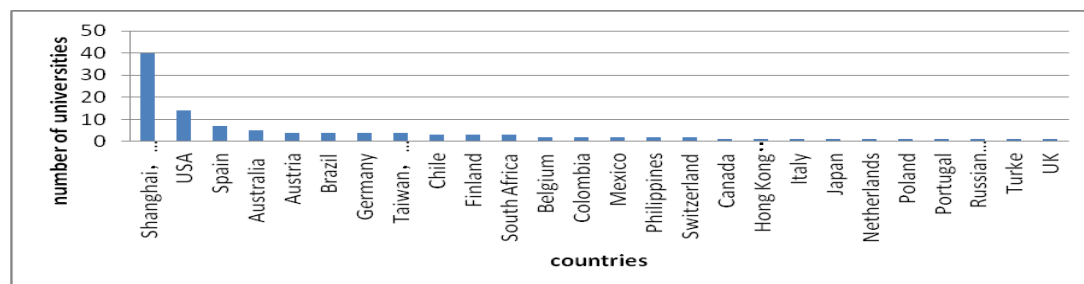


Figure 1.

### B. Continuity of Reports

The continuity of SR prepared by universities from Shanghai are above the global average, and this can be illustrated through comparison after classifying the samples by the number of reporting years.

39 out of 71 universities report for one year, while 18 universities report for two years and 14 for three years. On the contrary, the corresponding numbers for universities from Shanghai are 3, 5 and 32. It's clear that universities from Shanghai performs better in the continuity of reports. Therefore a conclusion can be drawn that compulsory requirements for SR are beneficial to enhancing the continuity of SR and to promoting sustainability reporting practices in universities.

The classification results are shown in Fig.2 and Fig.3.

### C. Guidelines Adopted.

Foreign universities tend to adopt GRI guidelines along with some other standards while Shanghai universities adopt the same guideline for reporting. TABLE I illustrates the situation of guidelines used by foreign universities in three years. As is shown in the table, GRI or GRI-referenced guidelines are used by over 60% of the universities over the 3 years, which indicates that GRI guidelines are receiving International recognition after years of practices and modifications. However, there're still universities choosing other standards for reporting. As these universities are reporting voluntarily, they have much report-preparation autonomy that brings about the diversity of content and form.

On the contrary, Shanghai HEIs are allowed to use the one and only standards, Sustainability Reporting Guideline for Shanghai Spiritual Organization (revised version) which will be later referred to as the Guideline, published by Shanghai Spiritual Civilization Office in 2013. These reports resemble each other in content, form and quality of report.

### D. Stakeholder Involvement

Universities abroad seldom reflect the involvement of stakeholders in their SR, on the other hand, universities in

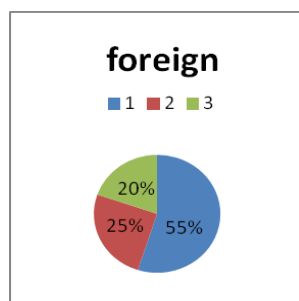


Figure 2.

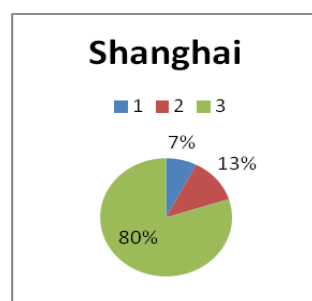


Figure 3.

TABLE I

Standards	year					
	2011		2012		2013	
GRI or GRI-Referenced	28	66.7%	22	68.8%	27	62.8%
Non-GRI	14	33.3%	10	31.3%	16	37.2%
Total	42	100.0%	32	100.0%	43	100.0%

Chinese Mainland report stakeholder involvement in a quite primary way.

Stakeholders are defined broadly as those groups or individuals: (a) that can reasonably be expected to be significantly affected by the organization's activities, products, and/or services; or (b) whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. [4]

TABLE II illustrates the situation of stakeholder involvement in reports prepared by foreign universities. The respective percentages of reports adhering directly to GRI guidelines are 57.1, 62.5 and 58.1 in the year of 2011, 2012 and 2013. While as is shown in the table, the corresponding percent of reports involve stakeholder panel is 7.14, 6.25 and 11.65. 10 out of 117 reports list stakeholder panel in contents, and that is about 8.55% of the total. The two sets of data are quite different. It's important to note that both G3 and G4 [5] list stakeholder engagement as a reporting principles for defining content as well as a part of standard disclosure with specific indicators. "The GRI Guidelines were conceived through a broad multi-stakeholder process, and the importance of mobilizing and involving stakeholders in the SR process was stressed" [6] and Sustainability reporting for HEIs mainly focuses on disclosing and communicating the results on SD performance to particular stakeholders. [7] But the practice is nowhere near ideal, which indicates that these HEIs have difficulty in stakeholder engagement or they do not regard it as important.

Possible outcome of stakeholder engagement is clearly stated in G3 as "Failure to identify and engage with stakeholders is likely to result in reports that are not suitable, and therefore not fully credible, to all stakeholders. In contrast, systematic stakeholder engagement enhances stakeholder receptivity and the usefulness of the report. Executed properly, it is likely to result in ongoing learning within the organization and by external parties, as well as increase accountability to a range of stakeholders. Accountability strengthens trust between the reporting organization and its stakeholders. Trust, in turn, fortifies report credibility."

After studying the reports from Shanghai higher institutions, the author finds that universities commonly set modules that involve communication with stakeholders like society, press and parents named as "value the role of public supervision and response in time" [8] or something like this under "honesty responsibility" topic. This practice can be think of as a good start for Chinese universities.

However it's important to point out that Shanghai HEIs' statements of stakeholder involvement are quite preliminary. Although most of the reports reveal schools' positive attitudes towards communication with stakeholders. "Actively pay attention to opinions from society and press and response in time" [9], the statements are often very vague and lacking in reporting on the process and results of the important stakeholders

TABLE II

Stakeholder Panel/Expert Opinion	year					
	2011		2012		2013	
Yes	3	7.14%	2	6.25%	5	11.63%
No	39	92.86%	30	93.75%	38	88.37%
Total	42	100.00%	32	100.00%	43	100.00%

involvement, not to mention the role stakeholder engagement plays in choosing information reported and deciding priorities of universities in the next stage.

#### E. External Assurance

Foreign universities start to use external assurance ahead of Shanghai HEIs. TABLE III shows the condition of external assurance used by foreign universities.

G3 uses the term 'external assurance' to refer to activities designed to result in published conclusions on the quality of the report and the information (whether it be qualitative or quantitative) contained within it.

Just like corporate financial reports should be audited by independent accountants to ensure legitimacy, fairness and integrity of reports, sustainability reports in.

HEIs should also use independent assurance to guarantee the quality of reports in consideration of the benefits of stakeholders and information users.

In the three years, 13 reports from foreign universities include external assurance, 12.5% of the total. 3 of them are provided by engineering firm, while 4 are provided by small consultancy or boutique firm and 6 are provided by accountants. 6 reports are assured according to some international assurance standards, such as Assurance Standard AA1000AS and Assurance Standard ISAE3000. From this, a conclusion can be drawn that foreign universities' use of external assurance is still in its infancy, leaving lots of problems to be studied, and the material authenticity of reports when external assurance doesn't take responsibility for reliability of raw materials for example.

As for Shanghai HEIs, the Guideline's regulation on external assurance is "Every spiritual civilization organization should try to use external assurance" [10], but none of those reports involve external assurance. The reasons behind this phenomenon may be as follows:

1. Shanghai HEIs prepare sustainability reports just for the spiritual civilization evaluation, thus selectively ignoring the optional items which do not affect their qualifications for evaluation.

2. There's neither applicable guidance on how to conduct external assurance in the Guideline, nor are there any available guidelines or relatively mature organization to provide HEIs with help on this. As a result, HEIs may need to seek help from foreign assurance institutions if they want to use external assurance, which usually means high costs and lots of efforts.

### III. CONCLUSIONS AND SUGGESTIONS

#### A. Governmental Requirements and Media Publicity

Promoting sustainability reporting in HEIs through governmental requirements and media publicity. The fact that in Chinese Mainland only Shanghai HEIs are

preparing SR is nowhere from enough for a country with so many people and critical educational problems as China. Prompting SR in HEIs and encouraging HEIs to communicate with stakeholders effectively are beneficial to raising HEIs' social image and avoiding potential accidents in the future. The process of preparing SR helps HEIs better shoulder social responsibilities and even has positive significance in solving Chinese educational problems.

A conclusion can be drawn that governmental mandatory requirements on preparing SR can be an effective way of carrying out SR and have effects on enhancing continuity and quality of reports. Hence it is valid to consider pushing forward SR in HEIs first in regions with developed education and then in the whole country by governments.

The purpose of media publicity is to stimulate stakeholders' awareness of participation as well as encouraging stakeholders such as the society, parents, employees and students to raise their reasonable requests for information on universities undertaking social responsibilities. Stakeholders play the role of external pressure urging universities to institutionalize information disclosure thus enhancing the balance of reports and resolving the problem of lacking of stakeholder engagement from the very source.

#### B. Elaborate Requirements on Stakeholder Engagement

To improve on Chinese universities' statements about stakeholder engagement, the Guideline should put forward detailed requirements on the disclosure of the range and grouping of stakeholders and what they participate in as well as the contents, methods and frequency of engagement. Meanwhile, models can be given (referring to the existing international practice or preparing one domestically) for universities to learn from and improve the quality of stakeholder engagement module.

#### C. Reinforce Internal Control and External Supervision.

The integrity and authenticity of raw materials are the basis of external assurance. Leaders of HEIs ought to take responsibility for the authenticity of data and build strict internal control, in the meantime they need to face questions from stakeholders and response in time.

#### D. Authenticate External Assurance Institutions and Establish Domestic Assurance Standards.

For now, Chinese external assurance practice is at an early stage where even corporations are still relying on foreign standards and assurance institutions abroad which is unsustainable for 2 reasons. One is the difference in language habits, the other is that the costs to conduct external assurance in that case could be pretty high. In the future, with the development of external assurance, reasonable practices shall be authenticating domestic institutions (such as accountants or consultancy companies). Furthermore, assurance standards that fit Chinese habits need to be established after years of practice. In this way, external assurance problem of Chinese universities, and even corporations can be ameliorated. Besides, capital outflow of this part of consultancy expenses can be prevented, beneficial to national economic development.

TABLE III

Independent assurance	year					
	2011		2012		2013	
Yes	6	14.29%	4	12.50%	3	6.98%
No	36	85.71%	28	87.50%	40	93.02%
Total	42	100.00%	32	100.00%	43	100.00%

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