

Development of Social Indicators to Evaluate USR Activities

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1. Introduction

Universities are now expected to develop human resources who are well-prepared to create new initiatives to tackle sustainability issues via a multi-disciplinary and collaborative approach, and are required to respond to the diversified needs of their stakeholders. Chiba University of Commerce (CUC) started the President's Projects in 2017 to be a sustainable and socially responsible university, and we have committed to conducting research on social indicators to evaluate and improve our University Social Responsibility (USR) activities.

Based on the previous studies and guidelines on Social Responsibility (SR) such as ISO 26000, we identified stakeholders of CUC and seven core subjects of USR. We then explored and developed social indicators with our students in 2020 for a self-assessment concerning SDGs in the COVID-19 era as a "Self-Check Sheet" focusing on four subjects: 1) research and education, 2) stakeholder issues, 3) community relations, and 4) concerns of environment. The indicators need to be examined with comparison to the other social indicators since the methods to assess social impacts of SR activities have not been sufficiently established yet because of the difficulties in quantification and generalization as discussed by scholars and experts.

CUC applied for the UI Green Metric World University Ranking in 2020 and Times Higher Education (THE) University Impact Ranking in 2021 and 2022 to learn about their indicators, which brought us important implications that continuous review of indicators is required not only to evaluate the USR activities but also to disclose the social impact effectively in the integrated/sustainability report.

CUC, a private university, began issuing its integrated report in 2021 in light of the fact that national universities are now mainly issuing integrated reports in Japan. It is important for universities to evaluate USR activities, disclose the social impacts, communicate with stakeholders, and improve USR activities annually, as companies have advanced the cycle as Corporate Social Responsibility (CSR) activities preceding universities. In order to build the cycle, we have conducted research and hereby report the progress.

2. Research and Findings

We organized three research teams consisting of faculty and students, and conducted comparative studies of integrated reports issued by THE University Impact Ranking 2022 top-ranked

universities and companies selected as excellent issuers by the Government Pension Investment Fund (GPIF) in 2022. We also verified the effectiveness of indicators of the “Self-Check Sheet” through data collection and interviews.

2-1. Research on integrated reports issued by THE University Impact Ranking 2022 top-ranked universities

Team 1 conducted university integrated report analysis by text mining focusing on the relationship between the description of SDGs and THE Impact Rankings.

Recently, an increasing number of companies have been publishing integrated reports that include legally required financial information such as sales and assets, as well as non-financial information such as corporate governance, CSR, and intellectual property. An increasing number of universities also publish integrated reports, which provide non-financial information on how each university is addressing the SDGs and fulfilling its responsibilities to society. We focused on the integrated reports of Japanese universities and analyzed mainly the descriptions of the SDGs based on information such as words and their frequency of occurrence. Using text mining techniques, we analyzed whether SDG-related descriptions are associated with the regional characteristics of the universities and their THE Impact Rankings.

The text mining tool KH Coder was used for the analysis; KH Coder can extract words from documents and represent the relationship between words that appear in a sentence and words that appear together as a co-occurrence network. KH Coder also allows users to specify a group of words as a concept to search for the corresponding concept in the document. We defined words related to the SDGs (Table 1) and performed concept analysis based on them.

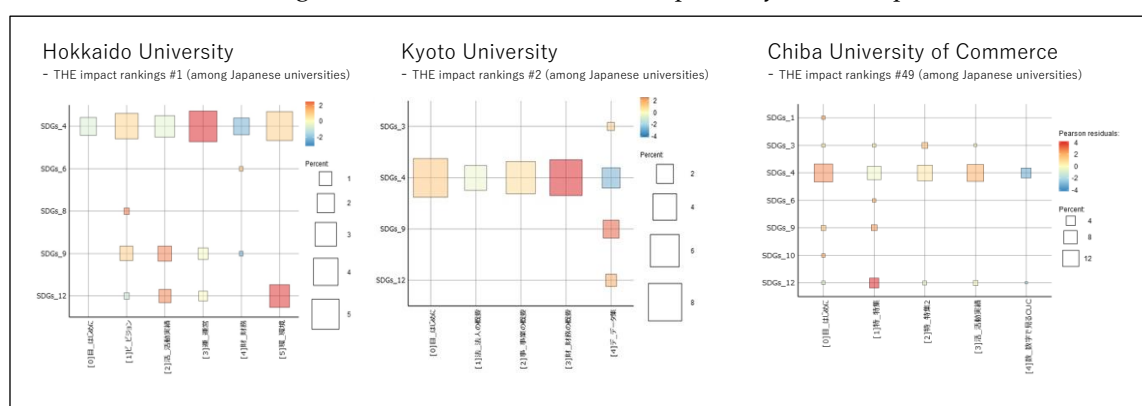
Table 1. SDGs Concepts

SDGs #	Words
Overall	Sustainable Development Goals, no one left behind, United Nations, Sustainability, etc.
1, Poverty	Poverty, Social protection systems, Development cooperation, Food loss, etc.
2, Hunger	Least Developed Countries, Fairtrade, Agricultural Production Process Management, etc.
3, Health	Barrier-free, Universal Design, Universal Health Coverage, Work-life balance, etc.
4, Education	Education for Sustainable Development (ESD), Native SDGs, Inclusive Education, etc.
5, Gender	Ratio of female managers, Gender bias, Gender gap index, Child labor, Diversity, etc.
6, Water	Water, Recycling, Fisheries Ecolabel Certification, Nature Positive, Virtual Water, etc.
7, Energy	RE, Clean Energy, RE100, Energy Mix, Carbon Recycling, Environment, etc.
8, Work	Job satisfaction, Inclusion, Ethical Employment, Corporate Governance, etc.
9, Industry	Resilience, Charter of Corporate Behavior, Social Business, etc.
10, Inequality	World Human Rights, Business and Human Rights, Gender Equality, etc.
11, Communities	Livable Communities, Resilience, Inclusive, Regional Development, etc.

12, Consumption	Production, Ethical consumption, RE, Food loss, Zero waste, Zero emission, etc.
13, Climate	Climate change, Climate crisis, Kyoto Protocol, UNFCC , TCFD, CCOP, etc.
14, Below water	Abundance of the oceans, Microplastics, Ecolabelling, Waste plastics, etc.
15, Land	Carbon Credit, Green Carbon, Forest Certification Scheme, Biodiversity, etc.
16, Peace	Social Business, Universal Declaration of Human Rights, Child labor, etc.
17, Partnership	Least Developed Countries, Stakeholders, Social Bonds, etc.

This analysis covered the integrated reports FY2020 or FY2021 of the 10 universities. The concept analysis showed that Hokkaido University and Tohoku University have many chapters describing various aspects of the SDGs (Figure 1). Hokkaido University and Tohoku University are among the top schools in Japan on THE Impact Rankings (ranked 1st and 2nd, respectively), and the diversity and quantity of descriptions of SDG concepts in their integrated reports may be significantly related to their rankings. CUC is not among the top private universities in the Impact Rankings. Still, it is doing well among private universities (Figure 1), suggesting that universities with higher THE Impact Rankings describe more diverse SDGs in their integrated reports.

Figure 1. Results of SDGs Concept Analysis (excerpted)



2-2. Research on excellent integrated reports issued by companies

Team 2 focused on excellent integrated reports that GPIF announced in February 2022 based on selection by domestic equity managers. Team 2 picked up top-7 companies' FY2021 reports (Ricoh, Hitachi, Tokio Marine Holdings, Mitsubishi UFJ Financial Group, Itochu, Ajinomoto and Recruit Holdings) and compared them with CUC's FY2021 report to find out distinctive statements and devises.

As a result, the team identified the following eight points that companies stated distinctively and CUC did not: (1) clarification of stakeholders, (2) objective evaluation by institutional investors, researchers, etc., (3) value creation chart using the octopus model of the International Integrated Reporting Council (IIRC), (4) financial information (quarterly, single year, multi-year), (5) corporate governance structure, (6) materialities for the business entity, (7) competitive

advantage, and (8) CEO's message on the future outlook and measures to achieve it.

In addition, the team identified the following five points to communicate with stakeholders : (1) the medium-term management plan and a roadmap to achieve the vision, (2) the link between social value and economic value, (3) board members, including outside directors, with photo and biography, (4) a list showing stakeholders and how the company engages with each stakeholder, and (5) ESG data book/pages showing the progress of sustainability initiatives with quantitative and qualitative data.

Among these points as reference, the team paid most attention to the ESG Data Book in terms of development of social indicators to evaluate USR activities. The companies utilize the ESG data book/pages to disclose quantitative and qualitative data for the past three to five years with indicators developed in line with their materialities. The ESG data book is an easy-to-understand tool to communicate with stakeholders, as it shows the extent to which the company has improved or deteriorated with each issue. The "Self-Check Sheet" that we developed can be a tool to evaluate and disclose the degree of improvement in USR activities by collecting data every year and presenting it over time.

2-3. Verification of the effectiveness of indicators of the “Self-Check Sheet”

Team 3 verified the effectiveness of indicators of the “Self-Check Sheet” which was developed not only for CUC but also for other universities to evaluate their USR activities.

The main concern was to reduce the number of questions of the sheet and to simplify it as much as possible. This is because any new university assessment program requires a considerable amount of the responding universities’ time to gather information and complete the questionnaire, which was considered one of the barriers for universities to undertake the evaluation.

We collected information with the cooperation of university staff members to evaluate CUC’s USR activities in FY2022 based on this sheet. As a result, it took approximately three months to collect responses for the 37 questions on this sheet. This was due to the need to contact relevant departments within the university, consolidate information, collect additional data, and review and approve responses. In addition, some respondents gave us the feedback "The questions are difficult to answer and hence inappropriate as a self-assessment form, which is a major problem”. They pointed out that the following questions, for example, are difficult to answer:

- 1-3) Awareness of the SDGs among faculty, staff, and students
- 2-4) Number of student projects related to the SDGs
- 2-5) Number of products/services generated by SDGs-related student projects
- 2-6) Faculty involvement in SDGs
- 2-7) Number of SDGs-related research projects and SDGs-related student projects in which

faculty members participate, conducted in collaboration with industry/government/private sector.

4-1) Number of students participating in community service activities provided by universities/faculty members

5-5) Are there opportunities for faculty/staff and students to learn about efforts to address environmental issues?

The next step in the indicator development is to make the questionnaire easier to answer in order for each university to self-evaluate and improve its USR activities, and disclose the information internally and externally.

3. Discussion

The research project convinced us that continuous review of indicators and reflecting them in the integrated report is required to enhance the cycle of evaluation of USR activities, disclosure of the social impacts, communication with stakeholders, and improvement of USR activities annually.

The comparative studies revealed that challenges for universities are to define materialities and social indicators, especially for education and research as core areas for universities, to tackle sustainability issues in the situation that ongoing development of reporting guidelines such as the International Integrated Reporting Framework by IIRC and GRI standards by Global Reporting Initiative (GRI) is mainly for companies. It is required for each university to explore and establish comparable social indicators over time based on the university's founding principles rather than medium-term management plan, as UI Green Metric World University Ranking and THE University Impact Ranking have done on a global scale.

We will continue to explore the indicators and revise the "Self-Check Sheet" by studying the latest versions of the integrated reports of other universities and reflecting them in CUC's integrated report.

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