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## Sustainability Reporting at Private Universities

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### Abstract

This research discusses sustainability reporting in the form of annual reports on private universities. Sustainability reporting is an entity report that not only presents the entity's financial information, but also provides information about its social and environmental activities. For private universities, sustainability reporting is very useful especially for presenting information to prospective students, society and Government. This research uses a descriptive qualitative approach. Sustainability reporting in private universities is still presented in the form of academic reports reported to university databases at the Ministry of Research, Technology and Higher Education of the Republic of Indonesia (Kemenristekdikti). Yet if only the annual report were prepared like a public company, it would become the main attraction for the community, especially prospective students. To provide information needed by stakeholders as a form of transparency and accountability, private universities should present information in the form of annual reports describing financial and non-financial performance.

## **INTRODUCTION**

As an organization that provides education, universities have the same goals as companies to stay alive in the long term. Universities as an educational unit of higher education providers not only serve as educational institutions but also functions as organizations similar to profit-oriented companies. The university provides educational services to the community in the form of the transfer of knowledge with its main customers: students. In the journey, the greater the interest of the public to receive education at higher levels has an impact on increasing the number of universities in Indonesia, both public and private.

The increasing number of public and private universities has created an increasingly competitive competition between universities in the fight for students. If universities, especially private universities, have too few students, it is feared that the private universities will not be able to afford to finance their operations because most of their main sources of income come from student fees.

Universities as educational service providers have a social purpose to spread knowledge in producing professional human resources to be useful in the community for economic progress and in other fields. In addition to having social goals, universities also have goals such as profit-oriented entities, for which universities are also required to run healthy business practices in order to gain the trust of its stakeholders (Higgins et.al, 2015). Universities need to introduce their products to the public to be known and purchased in terms of being chosen as a place for education (Higgins et.al, 2015).

Several universities in Europe, Australia and Singapore have presented annual reports in the form of annual reports that can be accessed on the official websites of those universities website (Rofelawaty and Ridhawati, 2017). In Indonesia, several universities have presented annual reports, especially public universities that are obligated to convey their accountability to the public, whereas private universities also have much greater importance than public universities to present annual reports as a form of sustainability reporting (Jorge et.al, 2015). Through the annual report presented, private universities can provide details of what information is superior, private universities can communicate the resources that become superior to the stakeholders to serve as a reference in choosing a university.

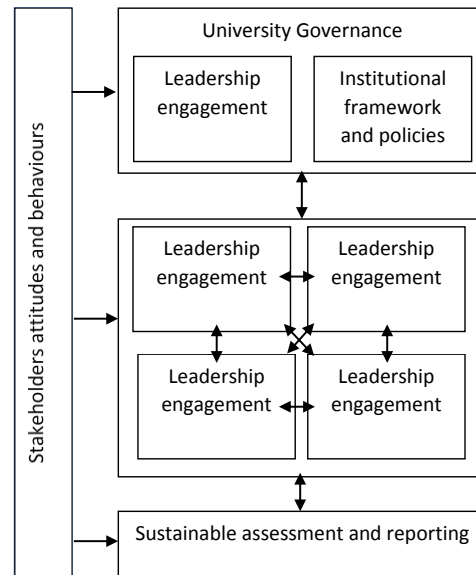
Currently, ongoing reporting (Sustainability Reporting) in the form of annual report has received serious attention, even becoming an obligation for companies, especially companies that have gone public. Regardless of the obligation for companies to go public, gradual sustainability reporting is also a concern for higher education institutions. Sustainability reporting can be produced like annual reports but also can be produced more uniquely by using more creative ways such as, simple road maps of what universities have been doing through the year or even design high-quality sustainability reporting by using pictures and charts. This is because sustainability reporting is one of the ways to show to the public that universities pay attention to the corporate sustainability responsibility and do many programs in regard to the matter.

This research is performed in order to understand and elaborate upon the importance of providing sustainability reporting and addresses the emerging issues of sustainability reporting at private universities.

## **THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

This research started by using the concept of “education for sustainable development (ESD)” established at the Summit on SD held in Johannesburg, South Africa, in 2002 (Del Mar Alonso-Almeida et.al, 2014). Since then, various national and international declarations followed the Summit and produced many models to support the development. According to Del Mar Alonso-Almeida et.al (2014) adopted from Lozano et.al (2013), one of the important

parts of sustainable development in universities is providing sustainable assessment and reporting (See figure 1). Based on this model, we could recognize that producing a report on sustainability is important. This might be because the report could probably be used for something useful, such as evaluating performance, tracking planned programs as well as for reputation purposes and meeting stakeholders' demand (Amran and Ooi, 2014; Disterheft et.al, 2014).



Source: Del Mar Alonso-Almeida et.al, 2014

**Figure 1. Model for sustainable development in Universities.**

### Sustainability Report

The sustainability report is a comprehensive presentation of information from the company's management to stakeholders (Del Mar Alonso-Almeida et.al, 2014). The comprehensive information presented includes financial performance information and entity nonfinancial performance information. The sustainability report is based on the concept of triple bottom lines where entities are not only profit-oriented but also have to think about social and environmental aspects (Ceulemans et.al, 2015). Comprehensive information discloses information in the form of economic, social and environmental performance of the company.

### GRI Framework G4

In general, the preparation of sustainability reports is based on GRI G4 guidelines issued by the Global Reporting Initiative (GRI) (Ceulemans et.al, 2015). The reporting principles contained in the company's sustainability reporting contain good content and quality. The contents of the report are determined from the level of materiality, completeness, covering the interests of stakeholders, and covering the context of sustainability (Ceulemans et.al, 2015). While the quality of reports can be seen from the level of accuracy, can be compared, and have a high degree of reliability. In the GRI G4 standard, there are two types of standard disclosures, namely public disclosure and special disclosure. General disclosures include corporate strategy and analysis, company profile, identification of material aspects of the company, stakeholder relationships, reporting profiles, and corporate governance (Ceulemans et.al, 2015). Specific disclosures include disclosures about economic performance, environmental performance, and social performance (Ceulemans et.al, 2015).

### **Meeting stakeholders' demands and building a better image**

According to Maharani (2014), there are four main reasons why Universities should have sustainability reporting. First, to show the concern of business organizations to the community and the environment (Maharani, 2014). Second, external stakeholders richer in thinking of establishing trust in the company both in terms of overall product and performance as well as the communication power built by the company with external stakeholders are strongly influenced by the company's concern to accommodate their interests (Maharani, 2014). Third, the reputation of the company is not only based on the ability to produce profits and products of quality but also universities concerns to the natural and social environment and even investors to take investment decisions are no longer focused on technical analysis but also broad fundamentals about universities' concern to implement CSR (Maharani, 2014; Moore and Poznanski, 2015). Fourth, by applying CSR, the universities have higher competitiveness because it has qualified human resources and environmentally friendly technology and strengthens the market through solid relationships with customers, suppliers, communities, NGOs, and supporting financial institutions (Maharani, 2014). Therefore, in order to compete with public universities which have better public recognition and stable financial support, private universities might have to begin preparing better plans to gain public recognition by using sustainability reporting. This is because, sustainability reporting could help universities to improve their image better and could attract more upcoming students and investors to invest at universities (Moore and Poznanski, 2015).

### **RESEARCH METHOD**

This research is literature research or literature study. This research uses descriptive qualitative approach by acquiring information through universities' website, media publication and social activities' programs. The data used in this study is secondary data in the form of scientific articles, information from university websites, or other scientific sources. Data collection methods used in this study is the method of documentation by acquiring literature data related to the research. Data are analyzed by making simple conclusions from other articles and writing sources.

### **RESULTS AND DISCUSSION**

Along with the increasing interest of the public to get an education, business in the education sector also experienced growth from the side of the number of universities, especially private universities. To attract the interest of the community, in this case, prospective students and users, not only the financial performance report are required, but also there should be additional information that should be disclosed by the management of universities (Rofelawaty and Ridhawati, 2017; Ulkhaq et.al, 2016).

In essence, private universities have disclosed non-financial information presented on the universities website. Though the information on the universities website if summarized into a comprehensive annual report will be the basic capital for universities to introduce the universities to stakeholders. During this non-financial performance of academic operations reported to university databases at the Ministry of Research, Technology and Higher Education of the Republic of Indonesia (Kemenristekdikti). While the financial performance of private universities is not presented on official university websites such as public universities that have presented a financial performance in the form of financial statements. This does not yet reflect the sustainability reporting that reports on integrated financial and non-financial performance such as the company's annual report that has gone public.

Annual report of universities is not only useful for universities in providing information to stakeholders and a reference for prospective students in choosing a university. The presentation of sustainable annual reports will also enhance the accountability of

university performance in the implementation of good governance practices (Amran and Ooi, 2014). A sustainable annual report will reflect the universities' profile, universities' management practices, universities' strategic management plan, universities' operational performance results, also show the success indicators of the universities' management performance, both from the financial economy aspect and from the aspect of academic administration. Ongoing reports are used to explain how the economic, social, and environmental impacts of the universities, the environment and the social environment in which the universities operate (Amran and Ooi, 2014). Ongoing reports on the universities also provide ongoing reported balances and performance.

Additionally, according to Walker (2008), stakeholders demand is growing for sustainability therefore, companies need to be concerned about preparing its report before it is too late. Walker (2008) explained that learned from other industries that have been forced to prepare sustainability reporting, it is necessary to provide information that legitimizes an organization's behavior by aiming to influence stakeholder's and in turn society's perceptions about the organization, in such a way that the organization is regarded as a 'good corporate citizen' and its actions justify its continued existence. These action is reflecting from legitimacy theory and its perceived roles.

## **CONCLUSION, IMPLICATION, AND LIMITATION**

### **Conclusion**

Sustainability reporting in the form of an annual report on universities in Indonesia has become an issue to practice, especially private universities that must be able to compete with public universities. In addition to presenting opportunities to attract customers (students), the annual report presented by private universities is also a tool to facilitate sustainable performance for universities management for the long term. Until today, there is no standard format in universities organizations for the application of sustainability reporting. Sustainability reporting can increase credibility and build trust to stakeholders. Private universities can meet the needs and demands of stakeholders through sustainability reporting to produce competitiveness.

As a start, private universities could produce a simple sustainability report that consists of sustainability activities that they did by providing information about the activity, who is involved in the process, what is the cause to do the activity, what impact do the activities bring in the future in regard to giving back to the nature as well as how much it cost them to do the activity. However, if the universities have better resources and facilities to produce a proper sustainability reporting just like an annual report, universities could use Australia's universities model as a reference or some public universities in Indonesia who have produced the report.

### **Implication**

Presentation of policy sustainability reporting for universities can be one of the important benchmarks in the assessment of universities performance measured from the financial and non-financial. Therefore, we need a guide in pouring information that is qualitative and quantitative in the form of a continuous report. Continuing reports for universities can be adopted from the Global Reporting Initiative which emphasizes reporting of entities that are transparent from the economic, environmental and social side, for which a guideline or framework for sustainability reporting for universities that has been widely conducted in universities in Europe, Australia, and Singapore (Rofelawaty and Ridhawati, 2017).

### Limitation

This article is still conceptual, the author is still using literature review of some articles that discuss the application of sustainability reporting at universities, especially universities in Australia and the Spanish. The author has not yet made the proper modeling for the implementation of sustainable reporting for universities. Subsequent research can discuss about the standard format as well as sustainability reporting model for universities. For future researchers, we encourage them to continue research in finding the most efficient and effective tools to help universities to prepare sustainability in which there are difficulties due to no proper standards that rules on how to produce the report (Zvezdov, 2011; Jorge et.al, 2015). Even the existing sustainability report is produced by using the standard of the annual report as a reference or disclose its activity as specific disclosure according to GRI G4.

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