

The 'S' in ESG: social sustainability in higher education

A perspective on how higher education institutions can realize impact and lead the sector by activating a social sustainability strategy



The 'S' in ESG

Environmental, social and governance (ESG) themes are becoming increasingly interwoven into organizations of all shapes and sizes around the world – including higher education.

Students, faculty, staff and local communities can all benefit when higher education institutions activate a social sustainability strategy.

The COVID-19 pandemic was a catalyst for ESG considerations within the higher education landscape. With impacts extending within the classroom to campus operations, to institutional risk and policy management, ESG has already changed the way in which many higher education institutions operate.

From a social sustainability perspective, shifts in core elements, e.g., employee value propositions; diversity, equity and inclusion (DEI); wellbeing, created a new normal that students, faculty, staff and community members continue to navigate.

As higher education institutions continue to understand these changes while leading in parallel, adopting an intentional social sustainability strategy can serve as a framework for achieving an institutional culture that optimizes a student-, faculty- and community-member-led experience.

In doing so, higher education institutions can become increasingly competitive, relevant and prepared to tackle future challenges and opportunities that ESG and, in particular, social sustainability themes, will continue to unveil in years to come.

The following report provides a summary of findings related to the Social Sustainability in Higher Education Survey* conducted by Ernst & Young LLP (EY US) in February 2023, as well as initial steps your institution can take to consider a social sustainability strategy.

*Survey data is from February 2023. As such, data may not reflect any themes present in the higher education landscape since then.

In the higher education context, ESG initiatives are often defined, implemented and facilitated by several key internal stakeholders (see below) to help shape the overall culture of the organization.

		ESG elements		
		(E) Environmental	(S) Social*	(G) Governance
Stakeholders		<ul style="list-style-type: none"> Chief sustainability officers help set the environmental sustainability agenda and goals, while holding the institution and key stakeholders accountable. Heads of procurement drive changes in supplier management to confirm shared values and commitment. Chief investment officers incorporate elements of ESG into how endowment funds and portfolios are invested and managed over time. 	<ul style="list-style-type: none"> Chief human resource officers help define the culture of a higher education workplace. Chief diversity and inclusion officers help prioritize diversity, equity and inclusion and act as champions for change. Chief wellness officers develop and coordinate a plan to promote campus resources and services for wellbeing. 	<ul style="list-style-type: none"> Boards have a responsibility to their institutions to provide financial oversight and transparency to the community; strong boards also regularly examine their own composition and practices.
	Social sustainability considerations	<ul style="list-style-type: none"> Energy use/use of renewable energy sources Waste management program Attitudes and actions toward climate change issues Supplier management Investment policies 	<ul style="list-style-type: none"> Working environment and culture Student learning environment Employee and student health and safety Compensation practices Diversity and inclusion policies Training and professional development HR organization transformation 	<ul style="list-style-type: none"> Diversity of governing board, academic councils and other standing bodies Financial accounting transparency Executive compensation

*Roles and responsibilities may vary and overlap depending on the institution's structure.



Demystifying the “S” in ESG is a first step toward building collective awareness of, and foundational education around, social sustainability.

The “S” in ESG or social sustainability can be defined as the way an organization nurtures its relationships with its employees, members of its community and other stakeholders.

This includes initiatives such as employee wellbeing, work culture, professional development and DEI initiatives, among others. As such, social sustainability is focused on addressing challenges related to people. For higher education, this includes student, faculty, community members and beyond.

The following are key social sustainability considerations that increasingly affect stakeholders in the higher education landscape.



Equipping employees with meaningful skill and career development opportunities



Enabling a culture around physical, mental and emotional wellbeing



Advancing diversity and inclusion principles to promote equity and innovation



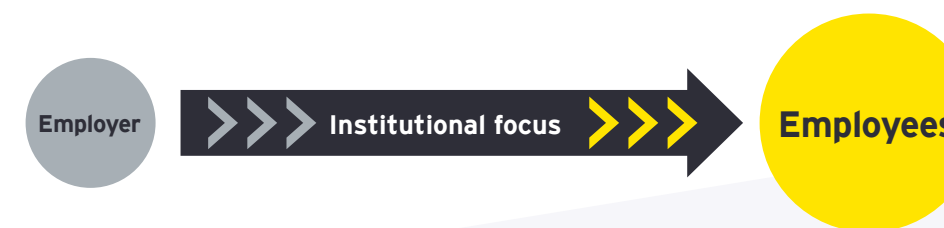
Boosting the employee value proposition with a focus on total rewards, flexibility, regular engagement and co-creative design



Building meaningful engagement and impact for an increased sense of belonging and purpose

Employees experienced a change in ways of working during the pandemic, fortifying a new “balance of power.” Adopting a social sustainability framework can help institutions balance this shift and prepare for future changes.

Today’s focus is shifting from employers to employees



- ▶ Continuously align on a competitive value proposition for diverse stakeholders.
- ▶ Build employee engagement that fosters greater wellbeing, productivity and retention.
- ▶ Stand out as a top employer choice to attract new talent.
- ▶ Build employee engagement through open communication, feedback mechanisms and a culture of collaboration.
- ▶ Focus on employee wellbeing.
- ▶ Foster an environment that creates a sense of belonging through culture, diversity, inclusion and equity.

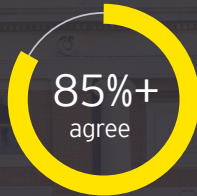
Survey background

The survey explored the perspectives of 88 college executive, diversity and HR officers to better understand how they currently practice social sustainability values at their respective four-year private and public not-for-profit universities/colleges.

The survey focused on the following objectives:

- 1 **Exploring** the perceived value and importance of social sustainability
- 2 **Understanding** the current state of social sustainability practices at universities and colleges
- 3 **Identifying** the challenges of social sustainability in practice

More than 85% of institutions agree that social sustainability is a top priority, across institution type and size.



DEI is considered the most important social sustainability initiative by at least 60% of institutions.



Employee value proposition and organizational culture were ranked as the next most important.



Themes observed from the survey

Theme 1: New roles and titles are emerging from social sustainability frameworks

The most frequently represented ESG-related titles in higher education were identified as chief human resources officer and chief diversity officer. However, the emerging title of chief wellness officer, a role dedicated to employee wellbeing, is growing in popularity, especially among large institutions of which ~25% have a chief wellness officer, reinforcing social sustainability as a top priority at higher education institutions.

Theme 2: Measuring efficacy of social sustainability-related initiatives is an increased focus

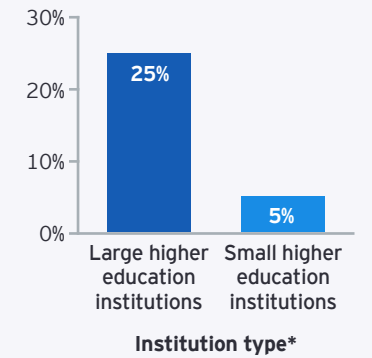
To measure the efficacy of roles dedicated to social sustainability so that it is prioritized, ~90% of institutions noted measuring sustainability through employee and student feedback gathered using traditional surveys, interviews or focus groups. In addition, ~25% of institutions indicated measuring social sustainability by the percent of budget dedicated to related initiatives.

Theme 3: Leadership support is a key need to advance social sustainability goals

Despite the mechanisms in place to maintain social sustainability as a top priority, **a consistent gap was noted between leadership support of social sustainability goals and the resources needed to achieve them.** This was noted regardless of institution type or size, but especially in small private institutions.

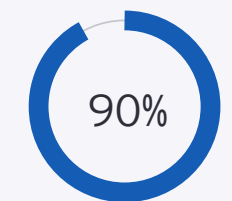
Institutions with chief wellness officer represented

~25% of large institutions have a chief wellness officer, reinforcing social sustainability as a top priority in higher education.

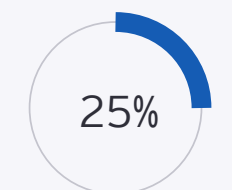


Methods of measuring efficacy of ESG-related roles in higher education

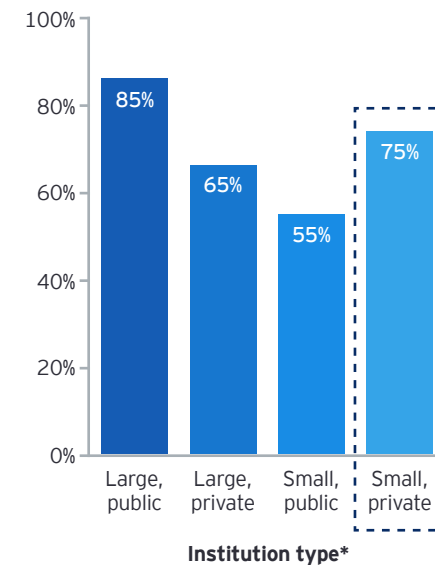
Employee and student feedback gathered using traditional surveys, interviews or focus groups



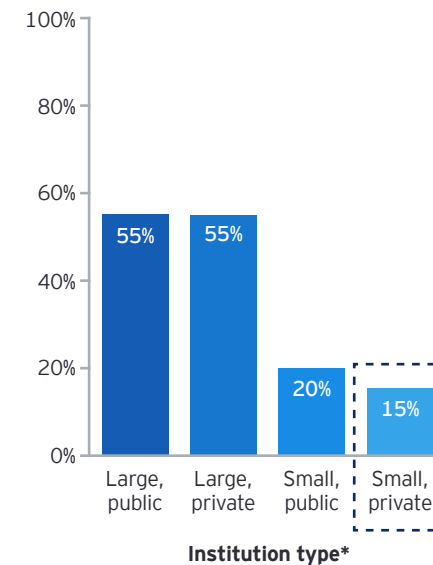
Additionally, ~25% of participants noted that their institution uses the percent of budget dedicated to related initiatives to measure commitment to social sustainability.



Perceived leadership/executive buy-in



Sufficient funding/staffing resources to meet social sustainability goals



The gap between executive buy-in and availability of funding at smaller institutions may point to a tighter financial situation for these institutions.

*Institution types are categorized by the following number of full-time equivalent (FTE) students: Large public = >10k, Large private = >5k, Small public = <10k, Small private = <5k



Within the social sustainability context, flexible work schedules were rated as a top strength by survey respondents.

An institution's lack of social sustainability strategy can contribute to employee turnover.



Strategically advancing social sustainability initiatives

With limited resources, institutions need to get creative with how they can tactically promote social sustainability. Institutions can begin to promote social sustainability through flexible work schedules and DEI efforts, but these are not enough to engage employees and adopt new technology. **When asked about strengths and weaknesses at their respective institutions, survey respondents indicated the following:**

Top strengths	Top weaknesses
<ul style="list-style-type: none"> Flexible work schedules/arrangements Diversity, equity and inclusion 	<ul style="list-style-type: none"> Employee engagement New technology

Relative to social sustainability, flexible work schedules are rated as a top strength by survey respondents; however, this could eventually fall from a strength to a weakness as institutions return to in-person work. Engaging employees and adopting new technology are noted weaknesses that hinder institutions' achievement of social sustainability goals across all institutions.

Social sustainability for better organizational outcomes

It is critical that institutions not only prioritize social sustainability but also invest resources in related initiatives for better organizational outcomes. Approximately 46% of survey respondents cited lack of social sustainability as a core reason for employees' departures from their institution. Increased employee retention is a powerful example of the potential impact of investing in social sustainability initiatives.

Barriers to achieving social sustainability

Survey respondents noted several barriers to achieving social sustainability at their respective institutions with the top three barriers being: lack of leadership buy-in, resistance to change and limited resources.

Top barriers	Respondent commentary	Barrier details	Initial approaches to address barriers
1 Lack of leadership buy-in	"Senior leadership buy-in that sets a clear message that filters down throughout the organization is critical. There are too many leaders at times that don't share a consistent message."	<ul style="list-style-type: none"> No shared strategic plan Inconsistent priorities and messaging across the leadership team Lack of senior leadership buy-in to achieve social sustainability goals 	<ul style="list-style-type: none"> Focus on broad buy-in of C-suite members through leadership retreats and/or by selecting champions Increase communication opportunities with leadership to gain buy-in
2 Resistance to change	"Institutional culture is hard to shift. There are long-standing issues that have been brushed over."	<ul style="list-style-type: none"> Faculty and staff are unwilling to adopt new approaches and content in current culture General bureaucracy makes it difficult to change and innovate with new technology systems Unionized environment creates limitations on the institution's ability to recognize and reward performance 	<ul style="list-style-type: none"> Define cultural values, including clear communication and transparency Increase stakeholder engagement through listening sessions to agree on the "problem" to solve, help stakeholders feel heard, and develop a powerful case for change
3 Limited resources	"Our technology isn't integrated, the onboarding process is fractured and we have no ongoing social support for employees. We recently hired a consulting company to address these issues, building a culture that puts people first."	<ul style="list-style-type: none"> Lack capacity to back strategic initiatives Remote working necessitates novel ways of recruiting and onboarding hires, as well as building community in a remote/hybrid setting Noncompetitive compensation Shrinking revenues Outdated technology Unable to make new investments or create total rewards package 	<ul style="list-style-type: none"> Implement strategies to decrease bias in the hiring process Upskill, re-skill, and cross-train employees Develop strategies to embrace remote workers into the community Track effectiveness of initiatives and be prepared to reallocate to more promising efforts Reallocate the budget Partner with the community/ other institutions to pool resources

How can your institution activate a social sustainability strategy?



Initiate this journey by assessing your institution's current sustainability ambition. Where are you today, and where do you want to be in the future?. As you engage in these conversations, discuss your institution's strengths and opportunities for future improvement.

Equally important is having these discussions with key stakeholders to increase engagement, promote a culture of co-designing solutions and execute ideas over the long term-sustainability journey. EY has developed the Global Sustainability Maturity Model to help organizations assess their ESG maturity. This can be a helpful tool to initiate these discussions.

EY Global Sustainability Maturity Model



Complying with regulations and standards

Remaining alert to current sustainability rules and regulations, adapting to them as they are introduced



Prioritizing social sustainability goals and voluntarily reporting data

Setting social sustainability targets and focusing on reporting to meet stakeholder expectations and increase transparency



Embedding a culture of social sustainability across the institution

Placing social sustainability at the core of your institution's purpose, culture operations and business decision-making to create value across stakeholders



Leading the sector

Driving and promoting an industry-wide focus on social sustainability, forging new markets and incentivizing change through your institution's social sustainability strategy as a blueprint for others



Future considerations

Compared to its corporate counterparts, the higher education sector has not yet been impacted by ESG reporting standards and disclosure regulations.

However, if the same trends that have so quickly impacted the corporate world begin to also apply to higher education landscape, this may require an immense organizational shift.

These trends include, but are not limited to, the European Union's CSRD or Corporate Sustainability Reporting Directive, which went into effect in January 2023 and will require large public interest companies to disclose environmental and social matters starting in 2024. Another example includes the SEC's pending proposed climate disclosure rule.

Staying abreast of these trends, in addition to evolving legislative and judicial implications both locally and nationally, is critical for future considerations.

It is clear that there is no going back on ESG. Increasingly empowered and passionate faculty, students and local community members are leaning in to social sustainability agendas and are vocalizing what matters to them. Aligning to these matters is no longer a "nice to have" but is essential for higher education institutions to remain competitive with shifting societal demands and sector dynamics.

Proactively preparing your institution for this future can serve as an opportunity to lead in the sector now as opposed to catching up with potential new requirements down the road.

EY does not provide legal services.

Continuing conversations

We welcome the opportunity to continue this important dialogue with you. To request a follow-up conversation or discuss current use cases in the higher education space, please connect with one of our education team leaders listed below.



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