

Future-Proofing ESG in Academia: Transformation or Tick-the-Box by 2030?

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The integration of Environmental, Social, and Governance (ESG) principles into Australian higher education is increasingly becoming a focal point for academic institutions. As global calls for sustainability intensify, universities are presented with a unique opportunity to not only educate future leaders but also exemplify responsible practices – and to practice what they preach. However, this emerging trend raises critical questions: Will ESG adoption drive authentic transformation, or will it devolve into yet another compliance exercise? The distinction is crucial, as the former suggests a paradigm shift in institutional culture and governance, while the latter risks reducing ESG initiatives to mere box-ticking without real impact.

The complexities of ESG adoption extend beyond surface-level initiatives. The challenge lies in embedding ESG within the core strategic vision of universities while balancing competing priorities such as financial stability, academic freedom, regulatory compliance, accountability and transparency, and alignment with internationally recognised standards. The discussion on ESG in higher education is not merely about adopting best practices but involves a deep-seated cultural transformation that aligns with international standards, including ISO principles. This paper explores these dimensions by evaluating whether Australian universities are genuinely committed to transformative ESG practices or if they are simply responding to external pressures through compliance. By examining strategic options and projecting an outlook for the next five years, this analysis aims to provide a critical perspective on how universities can navigate these challenges and channel ESG as a catalyst for lasting, positive change.

ESG Shift: Going Beyond Compliance to Real Change

The adoption of ESG principles presents a significant opportunity for Australian universities to minimize environmental impact, enhance social responsibility, and optimize governance practices. However, if not approached with genuine intent, ESG initiatives risk being reduced to compliance-driven exercises. To avoid this pitfall, universities must move beyond top-down mandates and instead cultivate a culture where ESG principles are integral to institutional identity. This requires leadership commitment, transparent governance, and active engagement with all stakeholders, including students, faculty, industry partners, and the broader community.

Real transformation involves embedding ESG into strategic frameworks as a core component of institutional development. This shift demands reassessments of operational models, where ESG considerations drive decision-making processes. The alignment with ISO standards, such as ISO 14001 for environmental management and ISO 26000 for social responsibility, provides universities with robust mechanisms for accountability and continuous improvement. By fostering a culture of ethical leadership and sustainable practices, institutions can ensure that ESG is not just a marketing strategy but a lived value that permeates every level of the institution.

Sustaining Profit and Purpose: ESG's Financial Equation

Implementing ESG strategies often necessitates significant financial investment, posing challenges for some universities already grappling with budget constraints. Striking a balance between ESG commitments and financial sustainability is therefore critical. While some initiatives, like waste reduction and energy-efficient infrastructure, may yield long-term cost savings, others require upfront capital that may not offer immediate returns.

Universities need to adopt innovative financial models to support ESG initiatives. Leveraging public-private partnerships, securing grant funding, and exploring ESG-linked financing are viable strategies to bridge financial gaps. These approaches not only provide the financial muscle needed to implement sustainability projects but also enhance the university's appeal to stakeholders who prioritise ESG practices. Transparency in financial reporting and a clear cost-benefit analysis are essential to demonstrate that ESG measures contribute positively to both financial performance and educational outcomes. According to Johnson et al. (2024), universities that integrate ESG into their financial models demonstrate higher resilience and adaptability in fluctuating economic environments.

ESG in Academia: Autonomy vs. Regulation

A major challenge in ESG adoption is balancing government regulation with the preservation of academic freedom. While regulatory frameworks can drive sustainability and social responsibility, excessive intervention risks undermining institutional autonomy. To strike the right balance, funding mechanisms should incentivize ESG compliance without dictating specific curricular or research activities.

Effective governance frameworks within universities are crucial for maintaining this balance. Establishing internal policies that prioritize ESG initiatives while safeguarding academic freedom can help institutions navigate regulatory pressures. Additionally, universities should engage in active dialogue with policymakers to shape ESG-related regulations that align with higher education's unique operational landscape. Research by Li and Thompson (2022) highlights the importance of collaborative governance models in maintaining academic freedom while promoting sustainability.

Integrating the Stakeholder Theory (Freeman, 1984) into this discussion emphasises the need for universities to consider the interests of diverse stakeholders—including students, faculty, government bodies, and society at large—when implementing ESG initiatives.

The Stakeholder Wheel -



Source: <https://thesocietypages.org>

According to the Stakeholder Theory, organisations thrive when they balance and manage the expectations of all stakeholders rather than prioritising shareholders alone. In the academic context, this involves engaging with policymakers to advocate for regulations that support sustainability goals while protecting academic independence. By promoting transparent communication and collaboration, universities can align ESG practices with broader societal values while maintaining their core educational mission.

ESG in Education: Building Tomorrow's Leaders

As ESG principles gain footing across industries, universities play a crucial role in preparing students to thrive in an evolving workforce. Embedding ESG into curricula across disciplines is vital for cultivating graduates who not only understand sustainability concepts but also possess the practical skills to implement them in professional settings.

To achieve this, universities must integrate ESG education into both undergraduate and postgraduate programs, ensuring it is not confined to specific disciplines but rather embedded across diverse fields of study. This includes not only business and management courses but also engineering, science, arts, and humanities. Introducing modules that focus on sustainability challenges, ethical leadership, and governance practices will create well-rounded graduates capable of navigating complex ESG landscapes.

Interdisciplinary courses, experiential learning opportunities, and industry partnerships can bridge the gap between theory and practice. By incorporating real-world case studies and promoting hands-on experiences, universities can produce graduates who are not only ESG-literate but also equipped to drive change in their respective fields. According to White and Garcia (2025), practical ESG education significantly enhances students' employability and readiness to contribute to sustainable practices in their careers.

Moreover, integrating service-learning projects and internships with organisations that prioritise ESG can provide students with practical exposure to sustainability initiatives. These experiences allow students to apply their knowledge in real-world scenarios, fostering critical thinking and problem-solving skills. By developing curricula that prioritise critical engagement with ESG topics, universities can prepare students to become proactive leaders in promoting sustainability and social responsibility.

Beyond Greenwashing: Driving ESG Integrity

'Greenwashing'—in which institutions create a false facade of sustainability without concrete action—represents one of the key hindrances to widespread adoption of genuine ESG. To combat this, universities must prioritize transparency and accountability. This involves publicly sharing ESG performance data, conducting independent audits, and establishing clear benchmarks to track progress.

Investment strategies also play a critical role in reinforcing ESG commitments. Universities should not invest in industries and practices that are not aligned with sustainability goals and contradict institutional values. Such practices not only build institutional credibility but also demonstrate a firm commitment to authentic ESG integration. As noted by Patel and Singh (2021), transparency in ESG practices strengthens stakeholder trust and institutional reputation.

Standardizing ESG: ISO's Role in Meaningful Change

In November 2024, ISO introduced new ESG Implementation Principles to streamline ESG practices worldwide, aiding organisations of all sizes. This union was triggered by the surge of ESG regulations by 155% globally in the last decade, creating a challenging landscape for consistent reporting across different jurisdictions, company sizes, and sectors.

Integrating ESG with ISO standards can enhance the credibility and effectiveness of sustainability initiatives within universities. ISO principles provide structured frameworks that support consistent implementation, robust auditing, and transparent reporting. For instance, adopting ISO 37001 (Anti-bribery management systems) and ISO 50001 (Energy management systems) can strengthen governance and environmental management, respectively.

By aligning ESG strategies with internationally recognised standards, universities can build trust with stakeholders, reduce risks associated with greenwashing, and contribute to global sustainability benchmarks. Anderson (2023) argues that the synergy between ESG and ISO standards not only enhances institutional performance but also drives meaningful societal impact.

The path forward for ESG adoption in Australian universities is at a critical juncture. Institutions that approach ESG as a strategic imperative rather than a compliance obligation will be well-positioned to lead meaningful change. By embedding ESG principles into governance, financial models, curricula, and investment strategies, universities can enhance their global standing and build resilience in an unpredictable landscape.

A forward-thinking approach—characterized by data-driven accountability, cross-sector collaboration, and innovative practices—will determine whether ESG initiatives translate into genuine transformation or fade into bureaucratic formalities. As universities navigate this evolving landscape, the integration of ESG with ISO standards will serve as a benchmark for institutional excellence. The coming years will reveal whether Australian universities can rise to this challenge, setting a new standard for sustainability and social responsibility that extends far beyond academia.

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