DEVELOPING LEADERS WHO CARE

SHARING INFORMATION ON PROGRESS REPORT 2014 - 2016

SCHOOL OF BUSINESS - REYKJAVIK UNIVERSITY

PRME Principles for Responsible Management Education

HÁSKÓLINN Í REYKJAVÍK
REYKJAVIK UNIVERSITY

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A WORD FROM THE DEAN

Just a few decades ago sustainability and social responsibility were not in the vocabulary of business managers. This has changed. However, the world still faces a number of serious environmental and social challenges that are linked to how we do business. Climate change, consumption of non-renewable resources, ocean acidification, poverty, the digital divide and global population patterns are just a few examples. At the same time the innovation "engine" of business is critical in addressing these challenges. Combined with changing values and regulatory regimes, businesses need to develop technologies, systems and methods that, for example, can change current production and consumption patterns. To do this, business managers will have to focus on innovation processes and critical thinking but also take responsibility that might exceed legal and accounting definitions. Fostering such sense of responsibility in the business leaders of tomorrow as well as giving them the knowledge, skills and competencies to understand and tackle these challenges is one of the most important roles of business schools around the world. In this second report of the Reykjavik University School of Business we describe our progress since the last report but also detail our plans for strengthening our focus on sustainability and social responsibility in the future.

Renewal of Commitment

As an institution of higher education committed to the development of current and future managers, Reykjavik University School of Business remains committed to the continued implementation of PRME's Six Principles throughout our institution. We will report on progress to all our stakeholders and exchange effective practices related to these principles with other academic institutions.

Dr. Páll Melsted Ríkharðsson,
Dean of the School of Business at Reykjavik University

PRME

EFMD EPAS ACCREDITED

ASSOCIATION OF MBAS ACCREDITED

MISSION & BELIEFS

REYKJAVIK UNIVERSITY

ROLE:

The role of Reykjavik University is to create and disseminate knowledge to enhance the competitiveness and quality of life for individuals and society, guided by good ethics, sustainability and responsibility.

MISSION:

The mission of Reykjavik University is to be a strong teaching and research university with emphasis on technology, business and law.

CORE ACTIVITIES:

The core activities of Reykjavik University are teaching and research with strong ties to industry and society, emphasising interdisciplinary work, international context, innovation and service excellence. The RU culture is crafted by personal relations and respect for society and the environment.

REYKJAVIK UNIVERSITY AT A GLANCE

Reykjavik University (RU) is the second largest university in Iceland, with a community of around 3,900 students (and 250 full-time and over 300 part-time employees). The University is committed to academic excellence and is known for its outstanding teaching and excellent relations with Icelandic industries and public institutions.

Reykjavik University consists of four academic Schools: School of Business, School of Law, School of Computer Science, and the School of Science and Engineering, as well as the Open University which is RU's platform for executive and continuing education. Reykjavik University graduates two thirds of all technology graduates and over half of all business graduates in the country. We presently offer 20 Master's programmes, several PhD programmes and a number of undergraduate modules taught entirely in English. The University is renowned for its programmes in the field of sustainable energy (Iceland School of Energy), which are offered in collaboration with industry experts in Iceland.

REYKJAVIK UNIVERSITY SCHOOL OF BUSINESS

MISSION:

RUSB's mission is to create, disseminate and apply knowledge to enhance the competitiveness and quality of life for individuals, organisations and society, guided by good ethics, sustainability and responsibility.

FOCUS:

Combining outstanding teaching, research excellence, industry relations, great people and ambition, RUSB is an internationally accredited school of business. As an institution, we foster a sense of responsibility by leading by example; emphasising that students should take responsibility, and exhibit awareness and integrity. We develop business leaders who care.

ABOUT REYKJAVIK UNIVERSITY SCHOOL OF BUSINESS

Reykjavik University's School of Business enjoys a strong position among business schools in Iceland: its students praise the learning experience offered by the School and do well in the labour market, the School conducts cutting-edge research and publishes in international peer-reviewed forums. Last, but not least, the School's faculty and staff are ambitious and agile in responding to changes and challenges focusing on making the School the best business school in Iceland.

RU business programmes emphasise an applied approach with a firm academic foundation. At present, the School offers EPAS accredited Business Administration (BSc), Psychology (BSc), Clinical Psychology (MSc), eight different Master's level degrees on subtopics of business administration, an AMBA accredited MBA programme and a PhD in business administration as well as in psychology. The student body consists of approximately 600 undergraduates and 300 graduate students. In 2015 the School started a diploma programme in innovation and fisheries and in the fall of 2016 the School of Business started offering undergraduate studies in economics.

Among the lecturers are many professionals from affiliated industries. This close collaboration with businesses and industry, practical projects and internships give our students a competitive advantage in the labour market. Furthermore, of the 120 courses being offered in our programmes, about a third are being taught by visiting faculty from well-renowned international universities.

The School of Business emphasises quality of teaching, innovation, international scope and good relations to students. When students graduate they have a robust theoretical foundation, specialised skills and competencies as well as a strong sense of initiative.

THE IMPORTANCE OF PRME

PRME is the leading global platform for open dialogue and collaborative learning on responsible management and leadership education. Participating institutions of higher education commit to working towards PRME's Six Principles, which can be seen below.

Launched at the 2007 UN Global Compact Leaders' Summit in Geneva, the Principles for Responsible Management Education (PRME) initiative is the first organised relationship between the United Nations and business schools, with the PRME Secretariat housed in the UN Global Compact Office, as can be read on PRME's official webpage unprme.org.

The PRME vision is that the UN Sustainable Development Goals are realised through responsible management education. The mission of PRME is to transform management education, research and thought leadership globally by providing the Principles for Responsible Management Education framework, developing learning communities and promoting awareness about the United Nations' Sustainable Development Goals.

The Six Principles of PRME are inspired by internationally accepted values, such as the United Nations Global Compact's Ten Principles, and provide an engagement structure for academic institutions to advance social responsibility through incorporating universal values into curricula and research. They seek to establish a process of continuous improvement among institutions of management education in order to develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st century.

Our commitment to PRME supports RU's broader mission as a university to create and disseminate knowledge to enhance the competitiveness and quality of life for individuals and society, guided by good ethics, sustainability and responsibility. The PRME framework provides an internationally supported structure for developing responsible leaders who will have a positive influence on business and society. The global network of PRME signatories provides valuable benchmarking for our implementation efforts at RU, as well as access to a myriad of shared ideas for creating the next generation of responsible leaders.

We live in a fast-changing world that is economically and environmentally fragile, in which the well-being of many individuals is at stake. As an institute of higher education, we are committed to doing all that is in our power to educate future leaders that care.

PRME'S SIX PRINCIPLES

1 Purpose

We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

2 Values

We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

3 Method

We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

4 Research

We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

5 Partnership

We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

6 Dialogue

We will facilitate and support dialogue and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global responsibility and sustainability.

PROLOGUE TO RU'S SECOND SHARING INFORMATION ON PROGRESS REPORT

The first Sharing Information on Progress Report created a great opportunity to reflect on what the School of Business had been doing up to the time of the reporting. We looked at evidence of values that are of importance to responsible management education in all our activities, in the strategy, teaching, research and other undertakings, and after this first benchmarking we developed goals and objectives on responsible management education.

When starting the work on this second sharing of information report, we looked at the goals and objectives again. On most of them we were making some progress but not on all of them. Questions arose regarding how we could do better and create a greater sense of ownership of objectives. Were they at the heart of what we do, and could we sharpen the focus on the goals and create relevant continuous and simple measures on them in addition to taking on new initiatives?

When benchmarking our goals to the Six Principles, we realised that it is difficult to launch initiatives and projects that only address a specific PRME principle. Most of our initiatives and projects affect two or more of the PRME's Six Principles, which would have made reporting regarding each principle repetitive. We therefore decided to take more of a balanced scorecard approach when explaining our progress and goals in this report.

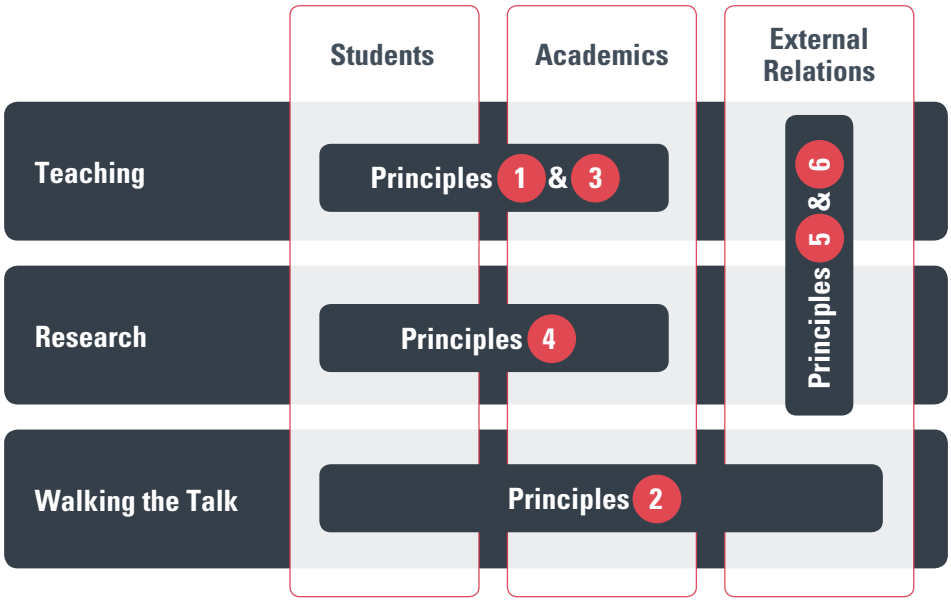
RUSB's mission is to create, disseminate and apply knowledge to enhance the competitiveness and quality of life for individuals, organisations and society, guided by good ethics, sustainability and responsibility. Our main stakeholders are therefore all our students, businesses and organisations that benefit from the education of our students, the research that is being conducted and our collaboration with industry and various stakeholder groups in society.

The processes we have to create this value are teaching, research, industry and society relations and operating our own institution in a responsible manner. In order then to accomplish our goals and objectives we have faculty, researchers, teachers and support services to make sure we design and apply the processes according to our objectives.

With this in mind we looked at how we have fulfilled our key objectives shown in our previous report as well as creating new objectives and measures that will guide our work in the coming years. Reflecting the PRME principles, these focus on teaching, research, relations to industry and society as well as responsibly managing our own institution which we call "Walking the Talk". The following chart shows how the PRME principles connect to our core activities.

In this Sharing Information on Progress Report we look at whether our mission, vision and values are in line with the first two principles that then affect Method, Research, Partnerships and Dialogue. The purpose and more importantly our values affect the willingness and capacity for partnership and dialogue.

At the end of the report we present an overview of our new goals and objectives and our core activities.



PRINCIPLE 1 PURPOSE

> **We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.**

The mission of RUSB is to create, disseminate and apply knowledge to enhance the competitiveness and quality of life for individuals, organisations and society, guided by good ethics, sustainability and responsibility.

Responsibility, on an individual level, as well as on an organisational level and social level is at the heart of what RUSB stands for. Responsibility is one of RUSB's seven key strategic themes.

RUSB's key strategic themes:

1. Teaching quality
2. Research excellence
3. Valuable external relations
4. International scope
5. Innovation/entrepreneurship
6. Responsibility
7. Secure financial performance

RUSB addresses these themes

- by emphasising responsible management education throughout all programmes and curricula
- by raising awareness, both inside and outside of the University, about the importance of social responsibility.
- by making sure that RU acts as a role model to organisations that students can look to when entering the labour market

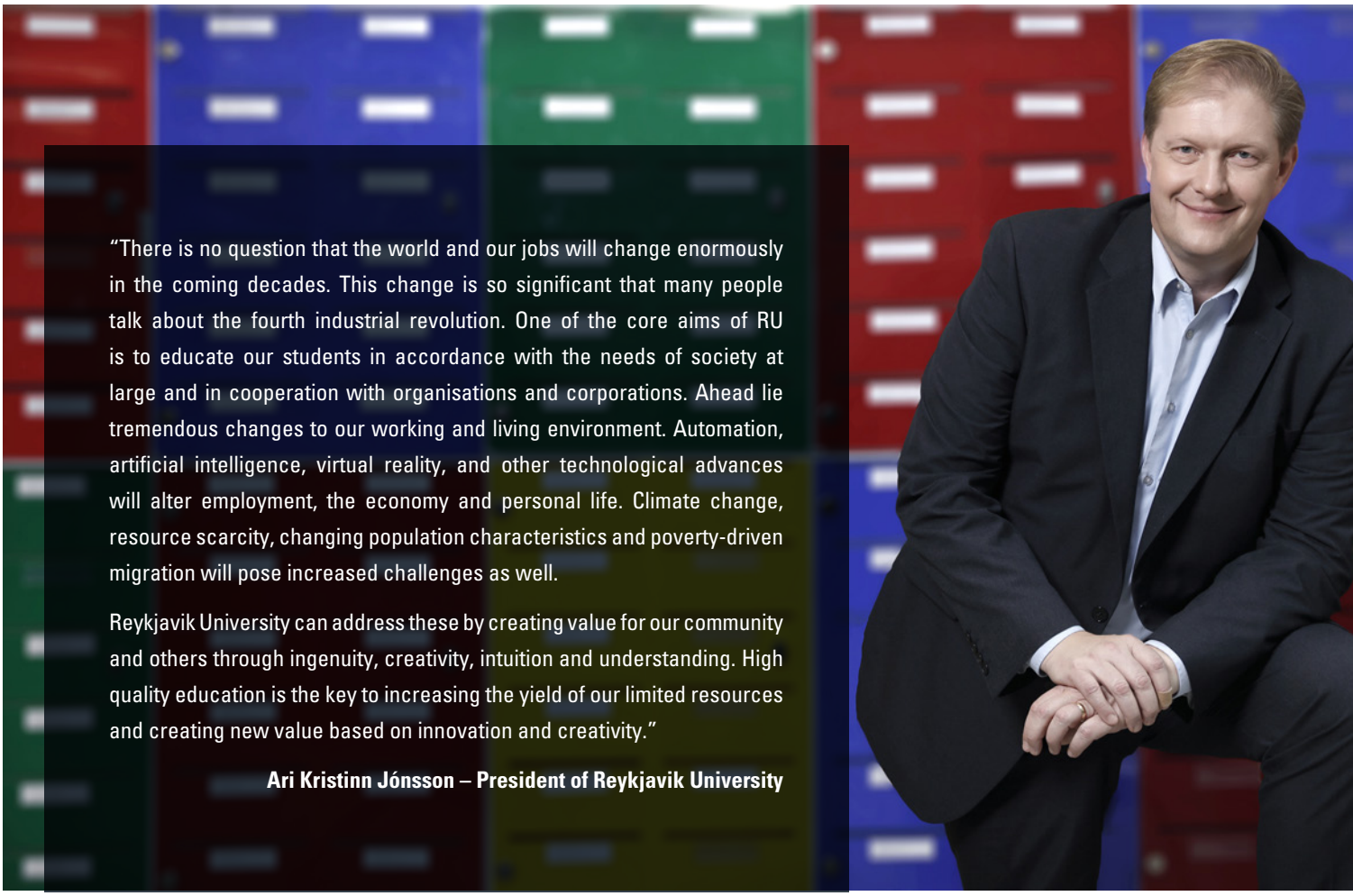
To support the focus on these strategic themes, RUSB has a part-time PRME coordinator, who promotes the programme, follows up on objectives and coordinates the PRME task force. This task force has three permanent members including the Dean of the School of Business.

Periodically, the Dean of the School of Business organises a strategic workshop in which faculty members are asked to put into words their views regarding the purpose of RUSB, and what strategic themes the School should be focusing on in the near and medium term. The seven themes above are the result of such a workshop. This bottom-up approach is intended to foster commitment and ownership of the themes and the related objectives.

In the fall of 2016, Dr. Þóranna Jónsdóttir stepped down as the Dean of RUSB and Dr. Páll M. Ríkharðsson took on the role. The new Dean has a strong interest in ensuring that our students appreciate the importance of socially responsible behaviour. More emphasis is also put on creating measurable outcomes, which can be referenced on an ongoing basis to make sure that RUSB is progressing on the goals that have been set.

RUSB must continually differentiate itself from its competition. In this context we have to ask what we can offer our students to increase their value in the workforce and society, as well as for themselves as individuals. Just as students need to be flexible and creative to make a difference in tomorrow's workforce, RUSB will have to do the same. Initiatives are constantly being developed and evaluated to create learning experiences that encourage critical thinking and a responsible mind set. Some of those are showcased in the chapters on Method, Partnership and Dialogue.

Graduates from the Schools of Engineering, School of Computer Science and School of Law also become managers in businesses. The commitment to responsibility and sustainability is therefore developing at Reykjavik University as a whole. The Executive Board of Reykjavik University has in 2016 begun the work of including responsibility as a strategic theme across all academic Schools and reporting on sustainability at university level. Being the initiator of the PRME project within the University, RUSB has initiated a dialogue with the other Schools at RU to work towards PRME's principles. The aim is that in the future, the University as a whole will be a signatory to PRME.



"There is no question that the world and our jobs will change enormously in the coming decades. This change is so significant that many people talk about the fourth industrial revolution. One of the core aims of RU is to educate our students in accordance with the needs of society at large and in cooperation with organisations and corporations. Ahead lie tremendous changes to our working and living environment. Automation, artificial intelligence, virtual reality, and other technological advances will alter employment, the economy and personal life. Climate change, resource scarcity, changing population characteristics and poverty-driven migration will pose increased challenges as well.

Reykjavik University can address these by creating value for our community and others through ingenuity, creativity, intuition and understanding. High quality education is the key to increasing the yield of our limited resources and creating new value based on innovation and creativity."

Ari Kristinn Jónsson – President of Reykjavik University

RUSB emphasises active participation in the PRME Nordic Chapter. One of the goals of the PRME Nordic Chapter is to provide a platform suited for collaboration and sharing experiences, promoting a mutual dialogue, support, learning and promotion of activities linked to the PRME principles as well as addressing issues of mutual interest and concern within the Nordic context. One of the results that has come out of the Nordic Chapter work is a doctoral course on corporate social responsibility.

Participating in PRME has created a lot of great learning opportunities. One of those has been interacting with faculty from other PRME schools in Europe who teach in the RUSB Master's programmes. This has inspired us, as well as giving us external benchmarks to refer our own progress to.

The PRME coordinator attended the RME conference 2016 at the IMC University of Applied Science Krems, Austria in November. This further strengthened our internal dialogue about the importance of RME, the need for research on the effectiveness of RME in business school education, and the different types of student engagement activities. This type of networking and sharing of ideas and experiences has demonstrated its usefulness throughout RUSB's involvement in PRME.

PRINCIPLE 2 VALUES

We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the UN Global Compact.

The values of (global) social responsibility have to be at the core of the culture of the School if it is to be effective in working towards the other PRME principles. As emphasised in the chapter on Principle 1: Purpose, the values of (global) social responsibility are evident both at the strategic level, and at the level of the beliefs and actions of faculty and staff. Evidence of this is found throughout the organisation, such as in teaching, research and collaboration with industry. Those activities are an integral part of the remaining principles covered in the following chapters. In this chapter we focus on how the School Walks the Talk, aiming to fulfil the relevant UN Global Compact Principles and thus the Sustainable Development Goals. This chapter also gives a glimpse into the students' activities that support the same goals.

Equal Rights Society

The association was founded by students in the fall of 2015 and its goal is to encourage dialogue on equality, diversity and inclusiveness issues both within the School and outside. The Equal Rights Society believes in the importance of increased dialogue on gender issues, and on the rights of people of foreign origin, asylum seekers, gays, lesbians, trans people, people with disabilities, and other groups in our society that are exposed to stigma and discrimination.

Equality Days

The Equal Rights Society organises a series of events over a two-week period in October, under the name of Equality Days. The idea behind Equality Days is to connect people and highlight the multidimensional scope of diversity, privilege, gender equality, power and discrimination. A special focus is on the opportunity that is born from questioning ideas about what it is to be "normal".

In 2016, for example, the Equal Rights Society hosted a political debate on immigration policy, an art show, lectures and seminars about gender equality in sports and the music industry and able-ism, multifaceted discrimination and human rights of disabled people.

Charity Week

The Charity Committee of the Student Association at Reykjavik University throws a Charity Week every school year to draw attention to important social issues.

During the Charity Week, the committee organises various fundraisers and events inside and outside of school, including a lottery, entertainment events, charity-spinning, a cake sale and many more. In 2016 the recipient was Geðhjálp (The Icelandic Mental Health Alliance). Geðhjálp aims to improve the lives of people with mental disorders and mental disabilities in our society. The association works towards improving services, defending rights and preventing prejudice by advocacy, consultation and distribution of information and knowledge. The values of Geðhjálp are courage, respect for personal dignity and solidarity.

Birta – Sustainability Society

Birta is a society of students at RU who care about social responsibility and sustainability. Birta, the name of the society, means to shine, illuminate or to shed light on in Icelandic. The goal of Birta is to be a non-political discussion forum on social responsibility and sustainability, and to participate in university projects related to the topic. The society has a student representative on the RU Environmental Task Force and has been active in bringing attention to what the University can do better. Each year Birta organises events and mobilises students during the European Mobility Week with the goal of reducing the use of private cars and road congestion, combating climate change, and highlighting the positive effects of a healthy lifestyle and savings.

UN's 17 Sustainable Development Goals

At the beginning of 2016, the 17 Sustainable Development Goals for the 2030 Agenda for Sustainable Development were officially put into force after the adoption of the world leaders at an historic UN summit in September 2015. Over the next fifteen years, with these new universally applicable goals, countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

What is sustainable development?

- Sustainable development has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
- Sustainable development calls for concerted efforts towards building an inclusive, sustainable and resilient future for people and planet.
- For sustainable development to be achieved, it is crucial to harmonise three core elements: economic growth, social inclusion and environmental protection. These elements are interconnected and all are crucial for the well-being of individuals and societies.
- Eradicating poverty in all its forms and dimensions is an indispensable requirement for sustainable development. To this end, there must be promotion of sustainable, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting integrated and sustainable management of natural resources and ecosystems.

As defined on UN's official website (http://www.un.org/sustainabledevelopment/development-agenda/)

Walking the Talk – What RU is doing

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. By committing to work towards these 10 principles, as well as working at breakthrough innovation towards sustainability, businesses are working towards reaching the Sustainable Development Goals for 2030.

Reykjavik University aims to be a leader in good practices and has developed a human resource strategy that addresses issues such as diversity, inclusion, well-being and equality for all staff members. As part of that effort the University is going through an equal pay certification process.

RU reports on these strategies in different forums. New Icelandic regulations require organisations of a certain size to report certain non-financial information including sustainability strategies and goals. Although being exempt from these requirements, RU aims to include such information in its 2017 annual report. This will supplement the biannual PRME reports and keep focus on the sustainability goals of RU as a whole.

Equality programme

Reykjavik University put in place an equality programme in 2013; the aim of this equality programme is to ensure equal conditions and opportunities for employees and students at Reykjavik University irrespective of gender, age, religion, nationality, race, disability, sexual orientation, or political view and prevent discrimination or harassment on the basis of these or other irrelevant factors. The programme is designed to help make sure that all employees and students are respected and valued on their own terms and that talent and human resources are used as effectively as possible. The programme is also aimed at counteracting any stereotypes concerning the roles of men and women. Furthermore, the programme is meant to contribute to as much gender balance as possible in comparable positions, committees, and councils, as well as to contribute to as much gender diversity as possible among students in individual study programmes; though, without dispensing with a focus on qualifications.

In early 2016 we formalised the role of an Equal Rights Representative that in cooperation with the Executive Director of Human Resources, is to facilitate the action plan items in the equality programme, supervise the revision of the equality programme, organise events and equality training and education as well as being RU's representative in the joint forum for equality with the other Icelandic universities. We are now in the process of transferring the role of the Equal Rights Representative to an Equal Rights Committee that will assume the main role that the Equal Rights Representative has currently; this is a step towards putting more emphasis on this important issue and getting more hands on deck.

One of the main projects we have been working on this year is getting an independent equal pay analysis conducted by Price Waterhouse Coopers. It has been a journey gathering and systematically registering all the background information for all RU permanent staff; for example, having up-to-date educational information, coordinating job titles and job families or categories. We should be receiving the report any day now and the results will be presented to members of staff.

Progress on environmental issues

In November 2015 RU signed a pledge for climate action organised by Festa, the Icelandic Center for Corporate Social Responsibility, and the City of Reykjavik. By signing the pledge, RU has promised to set measurable climate targets and waste reduction targets, and to publish the results on a regular basis.

The first step after signing this declaration involved mapping current emission and waste disposal to be able to set targets. Gathering some of the information was straightforward but others were harder to quantify and some processes have to be adjusted to

be able to keep track of this information, such as air travel by faculty to academic conferences etc. RU aims to report on these measures on a regular basis, as well as including the information in the annual report for 2017 and onwards.

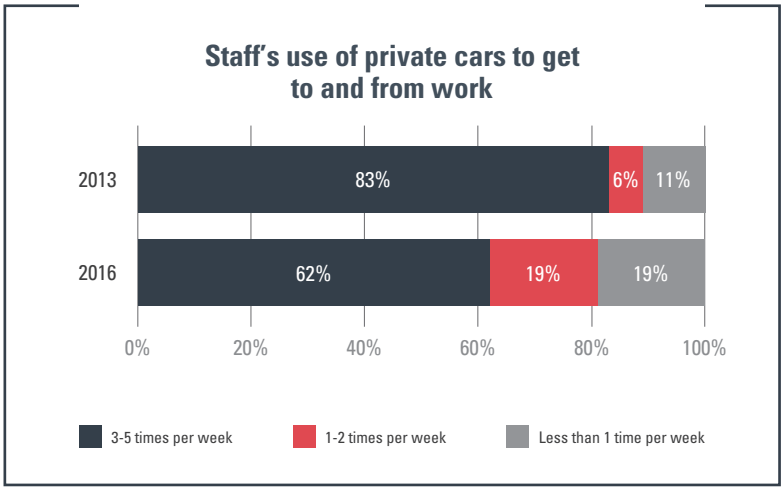
Following the signature, an environmental group or task force was created on behalf of the University that works with ideas about ways to promote environmentally friendly activities and the aim was to start with the green steps in staff areas in November 2016 and student areas in January 2017.

Many good and useful ideas have emerged and it was decided that we start with the garbage, and regarding the plastic, we corrected classification and provided one trash can only intended for plastic. Also, we removed all plastic containers by coffee machines and water dispensers. Following that, RU provided all School staff members with Retap glass bottles which are refillable.

Trash cans at offices will be removed and employees are encouraged to stand up, stretch and use the nearest trash cans in the common open areas. We will also add a trash can for organic waste which will be located under the sinks in kitchen spaces.

Substantial training is part of the green steps, for example, a presentation from the Icelandic Container Company where they will teach employees the basic principles of environmentally sorting garbage and also a lecture from the grassroots movement Vakandi on food waste.

Participation in a Transport Agreement, that provides benefits to employees that bike, walk or take public transportation to work, has been very successful and now 86 employees have signed such an agreement; this is a step in the right direction towards reducing negative environmental impact.



KEY OBJECTIVES AND GOALS FOR PRINCIPLE 1: PURPOSE AND PRINCIPLE 2: VALUES

for the 2014-2016 reporting period and evaluation of the progress made.

Key objectives and goals	Evaluation	Progress and achievements
Continue to increase teachers' awareness and knowledge of responsible management education and measure their willingness and commitment	Positive progress	• All the teachers in the MBA programme have been interviewed about whether they put emphasis on business ethics in their courses. • More than half of full-time faculty members attended a faculty training session. Recap of the faculty training was done during a departmental meeting for those that could not attend. • In the fall of 2016, 85% of part-time teachers was reached individually to talk about focus on RME in their courses.
Develop tools to measure whether RUSB students and future graduates know and believe that RUSB puts great emphasis on responsible management	Achieved	We now ask all graduating students about their perception about how much emphasis RUSB puts on responsible management.
Measure students' knowledge on the topic	Achieved	Knowledge on the topic is in part measured through the assessments in the CSR course that is now mandatory for most of RUSB's students. We also measure students' perceived knowledge through the graduating student survey.
Reach out to alumni	Limited progress	Admittedly little emphasis was put on this objective. However, an article on RME at RUSB and the participation in the PRME initiative was published in a magazine that is sent out to all alumni. The same annual magazine also has many examples of RU's focus on responsibility and sustainability in many of the projects that are also highlighted in this report.
Strengthen Nordic collaboration	Some progress	We are willing partners that have attended about half of the chapter meetings but have not contributed much up to this point.
Take further steps in fulfilling the environmental strategy	Positive progress	• Great steps have been taken in the last couple of years. Moving from words on paper to actual real actions and creating measurable targets. • A group of faculty members and staff that are interested in environmental issues created an environmental task force to discuss and plan what RU can do to offset its environmental footprint. • RU signed a climate action pledge with Festa and the City of Reykjavik, in which RU pledges to set measurable climate targets and publish the results on a regular basis.

PRINCIPLE 3 METHOD

> **We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.**

We at the School of Business are dedicated to continuing our work and to starting new initiatives to improve the results we seek in fulfilling Principle 3: Method. This section describes some of our main initiatives related to promoting responsible management in our Bachelor's, Master's and MBA programmes. It also describes our plans for the future.

Orientation exercise

During orientation at the beginning of the school year, all new students starting in the Bachelor's and Master's programmes at the School of Business are asked to discuss a mini case on social responsibility and business ethics. The case is used to help students recognise that diverse management subjects are deeply interconnected in practice, and that critical thinking and business ethics are an integral part of management decision making. We have done this for three years in the Bachelor's programme, and this year the case was discussed in the Master's programme as well.

Mandatory courses on CSR and/or business ethics

The mandatory course on corporate social responsibility, sustainability and business ethics has been moved from the 3rd year to the 2nd year in the Bachelor's programme, giving students a better opportunity to look at material in other courses through the lens of CSR. A module on business ethics and CSR is now also mandatory for four of the eight Master's programmes. The 7.5 ECTS course Professionalism and Ethics in Auditing and Finance is mandatory in one of the Master's programmes and students in three other Master's programmes are encouraged to take this course as an elective.

Faculty training

In April, Bifröst University and Reykjavik University held a joint workshop on responsible management education for our faculty members. This opportunity to discuss the topic with a broader group of people proved to be very beneficial for faculty. It also meant that faculty members teaching similar subjects could share their ideas and methods with other teachers in their field, as both institutions have relatively few faculty members focusing on this area. The workshop was held at Reykjavik University and led by Martiina Srkoc, Director of the PRME Secretariat in Copenhagen Business School. A lively discussion evolved around a case about the importance of RME, whether it is possible to actually teach RME, and the concept of a hidden curriculum.

"I have often experienced quite a pushback from faculty during case discussions and was very happily surprised to be met by such an open and engaging audience."

Martiina Srkoc - Director of PRME Secretariat in Copenhagen Business School

Learning objectives for the Bachelor's course in corporate finance

Students develop their skills to:

- calculate present and future value of cash flows and financial return measures
- apply financial theories to infer the cost of capital for both equity and debt
- analyse a firm's capital structure and financing decisions and identify ways for improvement
- recognise the limitations inherent in the theories discussed, including potential ethical conflicts

Students develop their competencies to:

- participate in corporate financial decision making
- identify financial challenges and find and justify appropriate solutions
- reflect on the consequences of their decisions in the corporate, economic, social and ecological context
- participate in discussions about corporate finance.

Extract from the learning objectives for a Bachelor's course in human resource management:

Students develop their skills to:

- explain the strategic role of human resource management and understand the competitive possibilities of strategic HR for organisations.
- apply critical analysis when analysing ethical, legal and social challenges and responsibility relating to human resource management.

Engaging part-time teachers

As many of the part-time teachers who work in industry could not attend the workshop, the PRME coordinator contacted each of these individually to introduce PRME, the first three of PRME's principles, the mission of the School of Business and the emphasis that the School places on RME. The part-time teachers were asked about their take on RME, encouraged to reflect on what RME means to different people as well as to think about what the hidden curriculum in their subject might be. They were then asked to consider whether they put enough emphasis on critical thinking, questioning and realising what assumptions the subjects taught in their courses were based on. Finally, the teachers were asked to examine the learning outcomes in their courses, and whether they should and could increase the emphasis on topics of RME in terms of knowledge, skills and competencies.

When new full-time or part-time teachers are employed, the programme directors are required to ensure that new teachers are informed of the emphasis that the School of Business puts on RME, on the "we care" attitude, and on "Walking the Talk". Many of the talks with the teachers thus established that considerable emphasis is already placed on the topics of business ethics and social responsibility in their courses. Recent events in Iceland – including the banking crisis in 2008, the prosecution of some of the bankers from that time and the resignation of the Icelandic Prime Minister in 2016 due to the Panama Papers leaks – have also made teachers more aware of their responsibility, and that of the School, in this area.

"In the course Change Management and Leadership at the Master's level, I used the opportunity to discuss cases that have relevance to PRME. One was a case about race as students were asked to watch and discuss the movie Invictus; another case was about environmental issues focusing on the Dakota Access Pipeline protests and discussions about how to change gender ratios in music festival line-ups, with focus on the UK and Iceland."

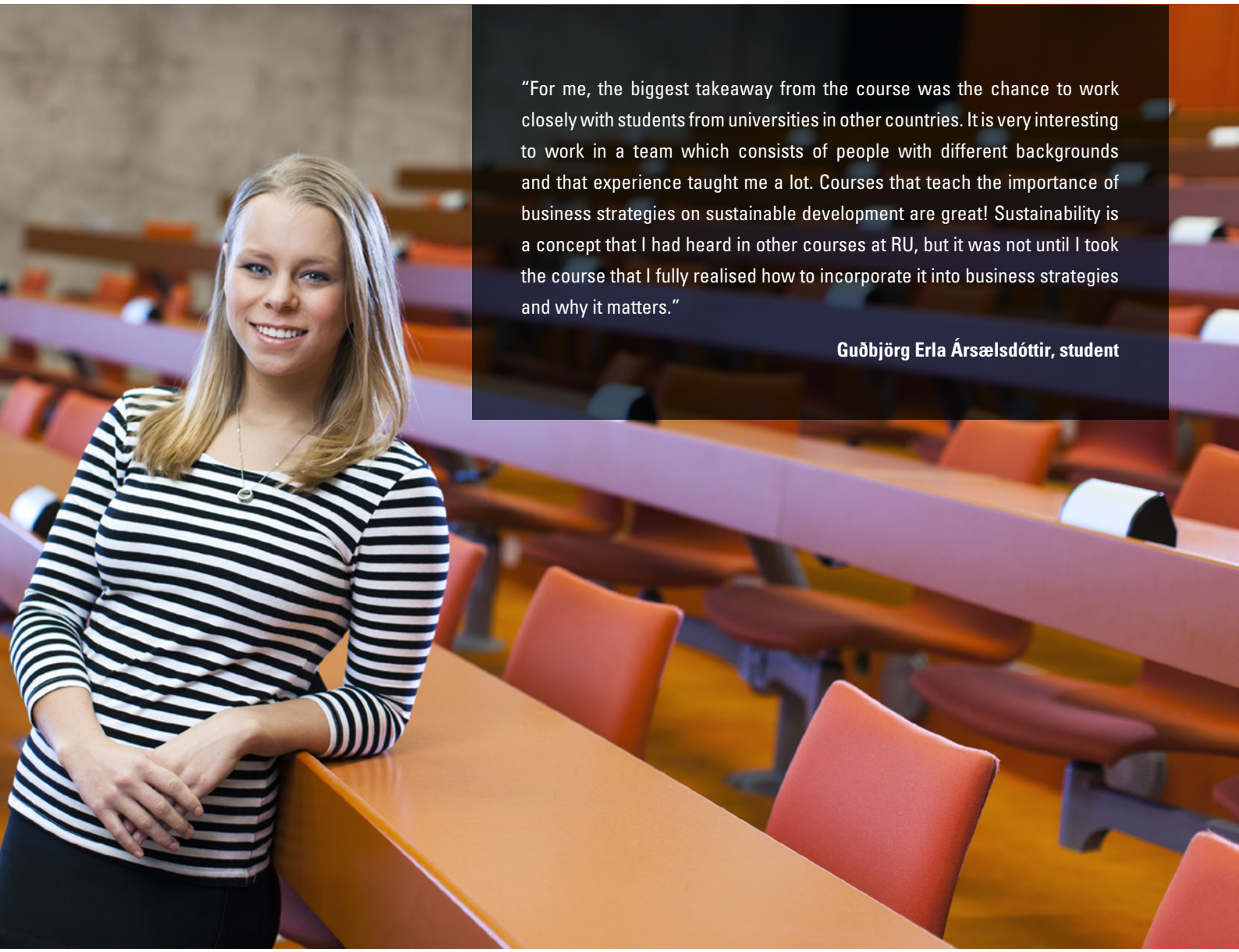
Hulda Dóra Styrmisdóttir, Adjunct

Courses focusing on sustainability

Great strides have been made in increasing the emphasis on business ethics and the responsibility of individuals and corporation towards the society, both through faculty training and individual conversations with teachers. Although the course on business ethics and CSR addresses sustainability and some of the courses have elements of sustainability, there is a need to provide more courses on local and global sustainability that are available to all students. Two courses are however currently provided and are highlighted on next two pages.

Sustainability and renewable energy in Iceland

School of Business and School of Science and Engineering offer a course on sustainability and renewable energy in Iceland. This course was developed in cooperation with Northeastern University in the United States, with students from NU travelling every year to Iceland for the course. The course explores sustainable development and its implications by studying the economic history of Iceland, particularly with regard to the part played by renewable energy, commercial fishing, and tourism from the 20th century onwards. Iceland offers an interesting case for study. By the turn of the 20th century, Iceland was one of the poorest countries in Europe. Over the course of the last hundred years, utilisation of Iceland's considerable resources has allowed a remarkable transformation of the country, which now enjoys a standard of living among the best in the world and is considered a leader in the sustainable use of natural resources. The relatively small size and simplicity of the Icelandic economy makes it particularly easy to understand and well suited for analysis. Some of the objectives of the course are to introduce students to how sustainable development impacts the standard of living, show the links between innovation/ entrepreneurship and sustainable development, and to examine some of the possible pitfalls and limitations on the way to sustainable development.



"For me, the biggest takeaway from the course was the chance to work closely with students from universities in other countries. It is very interesting to work in a team which consists of people with different backgrounds and that experience taught me a lot. Courses that teach the importance of business strategies on sustainable development are great! Sustainability is a concept that I had heard in other courses at RU, but it was not until I took the course that I fully realised how to incorporate it into business strategies and why it matters."

Guðbjörg Erla Ársælsdóttir, student

Business Strategies for Sustainable Development

The Bachelor's programme in the School of Business offers the course Business Strategies for Sustainable Development, which is a part of the Nordbiz network of seven universities from Iceland, Denmark, Sweden, Finland, Norway, Estonia and Lithuania. The purpose of the course is to introduce the Nordic perspective on sustainable development, give students the opportunity to work on real-life cases in a multicultural environment as well as create their own Nordic business network. There is a limit on how many students can take this course and getting into the course is very competitive.

Entrepreneurship and Starting New Ventures: Prize for social responsibility in business plans

Every year Bachelor's students complete a three-week course on entrepreneurship and new ventures. The output of this course is a business plan that the students must present. There are two prizes awarded in this course. One for the best overall business plan and one for the business plan that is deemed the most focused on social responsibility. This course is very popular amongst students and has led to several business plans that address socially responsible ventures. The winners of 2015 and 2016 are showcased below.

Different Families – the winner in 2015

Team members: Agnes Hrund Guðbjartsdóttir, Axel Birgisson, Ástrún Svala Óskarsdóttir, Bessí Þóra Jónsdóttir, Birgitta Saga Jónsdóttir, Birna Hrund Hólmarsdóttir.

About the project: Different Families is an organisation that produces and publishes a children's book series focusing on family forms that differ from the typical standard of a mom, dad and kids. The idea is to increase children's knowledge about unconventional family types such as families headed by same-sex couples. The idea is to reduce prejudice towards children that come from unconventional families, reduce bullying, and promote discussion between parents and children about sexual orientation, religious beliefs, race, and other issues. The team created the first book in the series called Tómas and Freyja. Freyja is Tómas's new neighbour who has two dads and no mom.

DontDrive&Die – the winner in 2016

Team members: Atli Sævar Guðmundsson, Halldóra Þöll Þorsteins, Hannes Guðmundsson, Ólafía Kolbrún Gestsdóttir, Rodolfo Alejandro Sepulveda, Viktoría Sif Reynisdóttir.

About the project: The idea behind the app is to discourage the use of a mobile phone while driving. The app locks the phone when travelling faster than 10 km per hour. If the owner attempts to unlock it again while driving, a cute smiling piggy on the screen of the phone starts weeping, creating an emotional connection and triggering guilt for using the phone while driving, thus making such use less likely. The app also allows the phone to configure itself automatically to send autoreplies to incoming calls and messages of various kinds when driving. As users establish a record of not using the phone while driving, they earn points that can be shared and compared with friends.

Focus on social responsibility in students' final thesis work

The School of Business has seen an increased student interest in subjects related to social responsibility in final Bachelor's and Master's theses. Some of the projects are done in cooperation with companies or sectors of industry. These theses have focused on a wide range of subjects. Examples include Perception of Ethics in the Icelandic Aviation Sector; The Status of Social Responsibility within the Public Sector in Iceland; Corporate Social Responsibility at Ölgerðin (a producer and distributor of soft drinks and beer); Social Responsibility of Tourism in Iceland; Vakinn, the Official Quality and Environmental System within Icelandic Tourism; Corporate Social Responsibility in the Icelandic Food Retail Sector: The Significance of Customer Perspective in CSR Strategy Formation & a Relationship between CSR & Customer Loyalty; Abuse of Foreign Labour.

The focus on RME in the MBA programme

The AMBA accredited MBA programme has emphasised responsible management since the programme was established. This is reflected in the mission of the programme and its learning outcomes:

> **Our goal is to develop responsible leaders who will have a positive influence on business and society**

The MBA programme set a goal of equal representation in terms of gender, and has worked hard to reach high-qualified students and teachers of both genders. This goal has been reached (on average with only slight variations between years).

The ethics course in the programme – called Responsible Leadership – has been doubled in length and student credits. This is in addition to a personal development course that gives students the opportunity to reflect, explore and focus on their values when faced with certain dilemmas. This is partly based on the Giving Voice to Values curriculum.

The MBA office interviewed all teachers in the MBA programme as well as reviewing all syllabuses in the programme. The aim was, among other things, to map the extent to which focus on ethics was built into each course. This showed that nine courses out of twelve have CSR or business ethics elements in them. Of the nine, three put a great deal of emphasis on the subject as can be seen in the syllabus mapping.

Learning outcomes		Leader skills/ styles	Change in Org	Decision making	Ethics	Strategy	Analys skills
Core Courses	ECTS						
Managerial Accounting	5,5	Some		Much		Some	Much
Economics	5,5			Some			Much
Negotiations	5,5				Much		
Organisational Behavior	5,5	Little	Much	Much	Little		Some
Operational Mangament	5,5	Little	Little	Much	Little	Much	Much
Leadership and Change	5,5	Much	Much	Some	Some		
HR Strategy	5,5	Some	Much	Some		Much	Much
Strategic Decison Making	5,5	Some	Much	Much	Some	Much	Much
Strategy and Final Project	8	Some	Much	Much	Some	Much	Much
CSR	5,5	Some	Some	Much	Much	Some	Some
Business Law	3			Much	Little	Little	Much
PD	5,5	Some	Some	Some	Much		Much

Much Some Little

It is also worth mentioning that the MBA students have created a student oath in which they state that they recognise their role in society. Signing this oath has become an integral part of graduating from the MBA programme at the School of Business.

The MBA programme learning outcomes

Knowledge

After completing an MBA, the students will know and be able to apply:
Theoretical foundations and methods, including management, operations, business statistics, communications, accounting, organisational behaviour, economics, finance, strategy, marketing, leadership, human resources and business ethics.

Skills

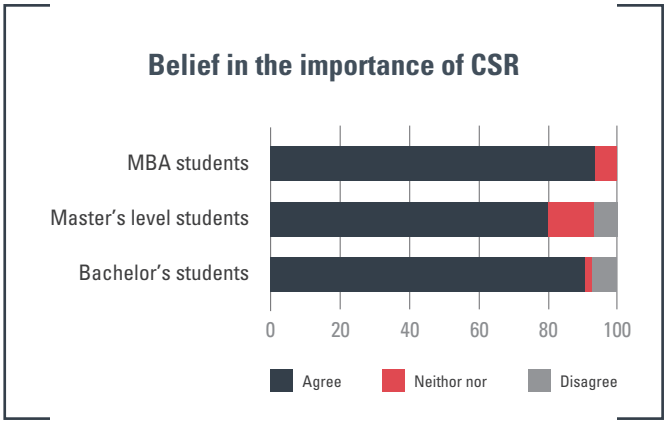
After completing an MBA, the students will:
Incorporate into business decisions an awareness of social responsibility, legal and ethical requirements, and effective corporate governance.

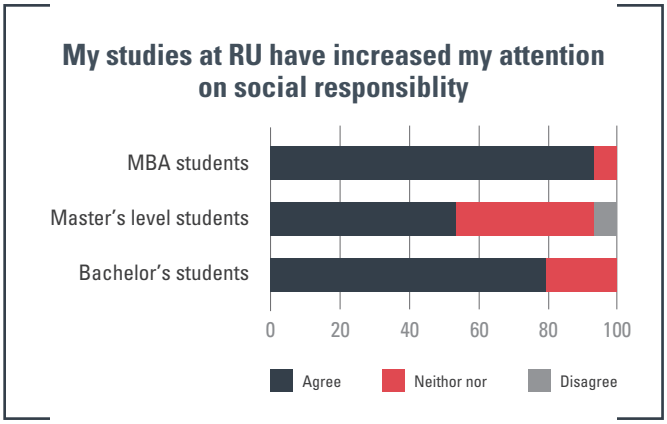
To monitor our performance and whether we put enough emphasis on corporate social responsibility in our programmes we survey both incoming and graduating students regarding corporate social responsibility. Incoming students are asked about how important they think it is that companies emphasise social responsibility. Graduating students are asked the same question, but receive additional questions related to their perceived knowledge, competencies and emphasis on corporate social responsibility in their studies. This will in the future provide us with data on how students develop throughout their studies but also indicate what programmes could be improved.

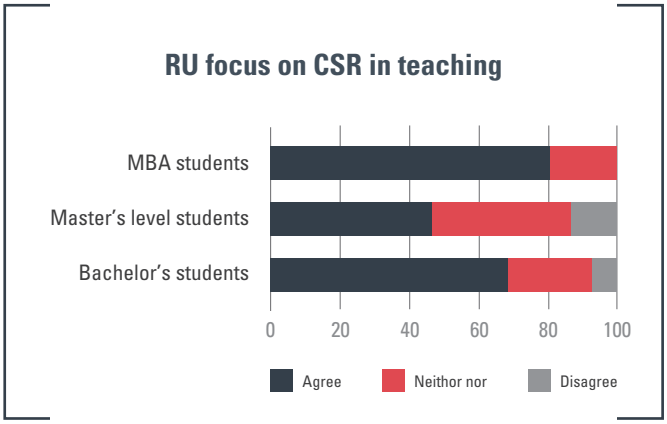
Following is a summary of the results from students graduating from the School of Business in the spring of 2016. The first round of data from incoming students is currently being collected.

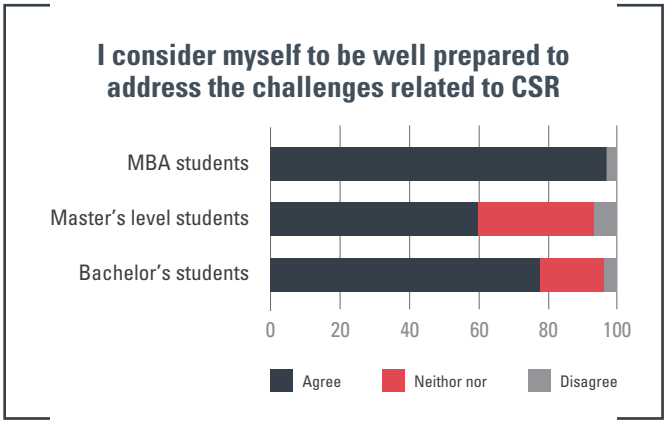
Graduating students were asked how much they agreed or disagreed with the following statements:

- I believe it is important that corporations focus on corporate social responsibility in general.
- I feel that RU puts a strong focus on corporate social responsibility in (throughout) my studies.
- My studies at RU have increased my attention to/awareness of social responsibility.
- I consider myself well prepared to address challenges related to CSR.









The results were broadly aligned with what we expected. A great emphasis has been put on CSR and business ethics in the MBA programme for several years now as discussed above, which shows in the results. Since RUSB became a signatory to PRME, our main focus has been on strengthening responsible management education in the Bachelor's programme, mostly because it is a larger and more established programme. The results clearly illustrate the need to focus on the Master's programmes and RME. An overall evaluation of the Master's programmes will be conducted in the spring of 2017 and the PRME project coordinator will be included in that evaluation process.

To sum things up, the School of Business has been progressing in the right direction but can still do more in fulfilling Principle 3: Method. Below are the goals we set in 2014 and our evaluation on how we have done so far.

KEY OBJECTIVES AND GOALS FOR PRINCIPLE 3: METHOD
for the 2014-2016 reporting period and evaluation of the progress made.

Key objectives and goals	Evaluation	Progress and achievements
Integrate social responsibility and responsible management education in teaching throughout all programmes	Positive Progress	Great strides have been made in reaching many of our teachers via faculty training, discussions in departmental meetings and meetings with part-time teachers. Not all teachers have been reached and the goal has been modified to touch upon the topic with most of the teachers but then also work closely with targeted teachers of about 20% of the courses to make sure they include RME in their teaching methods and learning outcomes. The nature of this goal is that it will never be complete as the studies develop, new teachers enter the arena etc. We are measuring if the students perceive that emphasis is put on this topic.
Create internal measures of: - Teachers' reports on their efforts - Students' perception of the prevalence of the topic	Some progress	Full-time faculty are asked in their annual performance interviews but no means have been created to ask teachers from outside of RU about their efforts. Graduating students are asked about their perception of the prevalence of the topic.
Encourage internships and thesis projects on social responsibility	Limited progress	No special initiatives have been undertaken in this area but there is an increase in student interest in writing about CSR-related subjects.
Continue to be open to effective learning pedagogy through the PRME network	Positive progress	We got the PRME office at CBS to do a faculty training session at RU. Lessons learned from guest teachers. Wealth of ideas from the RME conference 2016 in Krems, Austria.

PRINCIPLE 4 RESEARCH

> **We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.**

We are happy to say that even though the School of Business only has thirteen faculty members with research obligations, papers on the topics of business ethics and renewable energy have been published in multiple international peer-reviewed journals in the past, including the *Journal of Business Ethics* and *Environmental and Resource Economics*.

Following are highlights of how some of our faculty members are engaging in research efforts related to social responsibility, including on topics such as gender equality in the work force, well-being and work-life balance, marketing of healthy food, management control, corporate governance and business ethics. The last sharing of information report highlighted a string of research on managers' views on ethics education in business schools. This year, three independent research projects related to gender equality and corporate governance merit a special emphasis.

Þröstur Olaf Sigurjónsson - Associate Professor, Reykjavik University and Copenhagen Business School

Research interests include strategic management, corporate and business strategy, business modelling, corporate restructuring, CSR and business ethics and corporate governance and social network analysis. He is either the first author or a co-author of three articles that have recently been published in the *Journal of Business Ethics* on the role of business schools in ethics education from the perspective of managers and teachers. Olaf is the Director of the Reykjavik University Centre of Corporate Governance.

Marina Candi - Associate Professor

Director of the RU Centre for Research on Innovation and Entrepreneurship. Her research interests lie in the field of innovation, in particular service innovation, experience-based innovation and business model innovation in technology-based sectors and creative sectors. She has recently started a new research stream on social innovation. She has led several externally funded research projects, including two projects funded under the EU FP7 Programme. She is currently the primary supervisor for four PhD students, including Kjartan Sigurðsson, whose PhD research examines how organisations can implement CSR strategies and create new business opportunities by being good citizens.

Arney Einarsdóttir - Assistant Professor

Director of the Research Centre on HRM. She participates on behalf of RU and Iceland in the international CRANET network. The network is a research collaboration between 40 universities and business schools carrying out regular comparative studies of organisational policies and practices in HRM across the world. In the CRANET survey report there is an overview of use of CSR-related strategies and strategic emphasis of Icelandic companies. This shows amongst other things that Icelandic companies are generally not as far ahead as other Scandinavian companies when it comes to developing and executing CSR strategies. She also works on research concerning the impact of the economic collapse in Iceland in 2008, HR-related downsizing methods, employee attitudes and behaviours.

Valdimar Sigurðsson - Professor

Valdimar has conducted numerous research projects in the areas of CSR, responsible marketing related to gambling, and social marketing. His focus has been on in-store and e-commerce consumer experimentation and promotion of healthy food and environmental conservation. He recently received a grant from the Icelandic Research Fund for a project focusing on digital marketing and healthy food promotion, published a paper on consumer price protection in the *Journal of Business Research*, and wrote a case on the ethics of video surveillance for a popular international marketing research textbook.

Haukur Freyr Gylfason - Adjunct

Research interests include amongst other subjects dishonesty. His latest publication in this field was "Personality in Gneezy's cheap talk game: The interaction between Honesty-Humility and Extraversion in predicting deceptive behaviour", published in *Personality and Individual Differences*.

Már Wolfgang Mixa - Assistant Professor

Research interests include investment practices, behavioural finance and financial economics before during and after financial crises. This includes, for example, the impact of culture as well as the responsibility of and restoring trust in public institutions after a crisis. One of his recent publications is "Individualistic Vikings: Culture, Economics and Iceland", published in the *Icelandic Review of Politics and Administration* in 2015, with Vlad Vaiman.

Páll Ríkharðsson - Professor

Research interests include management accounting, information technology, performance management and corporate social responsibility. He has published numerous articles on CSR and corporate environmental management and reporting throughout the years. His latest research and publications focus on management control in the financial industry, including corporate governance and responsible decision making in both Iceland and Denmark. One recent publication looks at how, for example, organisational values changed in the banks hit by the financial crisis of 2008 and is published by the Chartered Institute of Certified Management Accountants.

Stefan Wendt - Assistant Professor

Research interests include corporate finance, financial markets and intermediation, behavioural finance, personal and household finance, sustainability and business ethics, corporate governance, entrepreneurship, and forensic finance. In his research activities, he focuses on the role of individual and retail investors and conflicts of interest with other stakeholders. One of his recent publications in this area is "Benefits from Social Trading? Empirical Evidence for Certificates on Wikifolios," published in the *International Review of Financial Analysis* in 2016, co-authored with Andreas Oehler and Matthias Horn.

Friðrik Már Baldursson - Professor

Current research interests include environmental and resource economics and financial economics. He has published many articles within the field of environmental and natural resource economics. A recent publication in this category of research is "Capital controls and the resolution of failed cross-border banks: the case of Iceland" with Richard Portes in *Capital Markets Law Journal* in 2014.

Auður Arna Arnardóttir - Assistant Professor

Current research focus is on corporate board selection practices and group dynamics, work-family balance among younger fathers and the effects of paternal leave, leadership development, ethical behaviour and ethics teaching. Auður Arna has published in journals such as *AMLE* and *Journal of Business Ethics*.

Ewa Lazarczyk Carlson - Assistant Professor

Research interests include energy markets with a focus on electricity markets, market design, congestion management, challenges with integration of renewable electricity generation sources into the grid, as well as the impact of information on the electricity price formation process and information disclosure rules. In her work she also investigates the competitiveness of markets with the aim to prevent potential market abuse (insider trading, capacity withholding). She has published articles in leading academic energy economics journals.

Hallur Sigurðsson - Assistant Professor

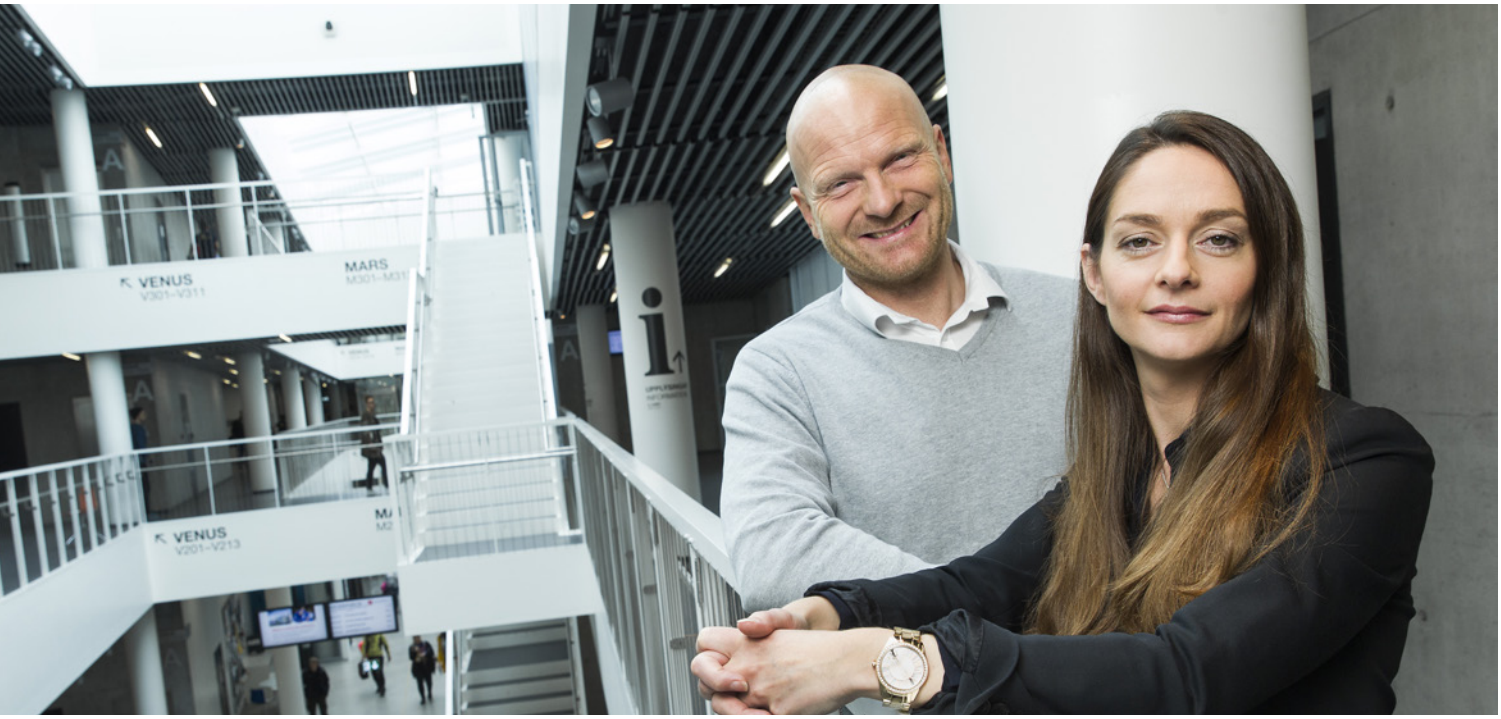
Research interests relate to entrepreneurship and innovation. He recently defended his PhD research, addressing entrepreneurship in the public sector and in politics. He currently works on an EU-funded project sharing social entrepreneurship knowledge between universities in Europe and South-Africa, which is to result in research publications.

Katrín Ólafsdóttir - Assistant Professor

Research interests include flexibility of labour markets, especially how labour markets react in a crisis, theory of unions, gender equality in the labour market, collective bargaining and the structure of wages, as well as behavioural economics. She has published articles on collective bargaining and wage structure in the public sector, the extent of wage cuts in times of crises and gender wage differentials. Recently, she wrote a comprehensive report for the Icelandic government on the status of men and women in the Icelandic labour market.

Effects of gender quota on corporate boards

During the past several years, Auður Arna Arnardóttir and Þröstur Olaf Sigurjónsson have worked on analysing the effects of new corporate governance regulations, with a special concentration on a recently implemented 40% gender quota for the boards of all state-owned enterprises, publicly traded enterprises, and public and private limited companies with 50 or more employees. The Icelandic board gender quota law was the second to be implemented in the world and goes further than any other gender quota legislation to date. Auður and Þröstur have applied resource dependency and status expectations theory lenses to explore how this new legislation affected the post-quota selection of new board directors. They have also examined the attitudes of board members towards the quota, and their perceptions of the impact of the quota on functions and processes within firms. They incorporate a longitudinal, dual qualitative and quantitative methodology, which includes both in-depth interviews with board directors and chairs, and surveys of board directors who collectively hold 800 board directorships in Iceland. They find that the post-quota, post-crisis new directors are sought for a variety of skillsets, including general management experience, policy-making, and finance, as well as personal characteristics of strong moral sense and ability to stand by their own conviction. Furthermore, there are different avenues to the board: pre-quota male directors are more likely to be appointed based on ownership connections, while pre-quota female directors are more likely to be appointed through independent third-parties; in contrast, new female directors are believed to be appointed based on personal connections. Although initial attitudes towards quotas are more negative among men than women, the difference decreases over time. Finally, consistent with status expectation theory, male directors are more negative than their female counterparts about the short-term effects of the quota.



Financial crisis and changes in management controls in banks

In 2015 Páll Ríkharðsson and Catherine Batt from Reykjavik University and Carsten Rohde and Leif Christiansen from Copenhagen Business School examined changes in management control practices in Icelandic and Danish banks after the financial crisis in 2008. This crisis struck with very different intensity in Iceland and Denmark and led to a different response from the banks affected. Amongst other issues the study focused on organisational values, governance, risk management and compliance responsibility of the banks. The results show that compared to the Danish banks the Icelandic banks faced a crisis of social trust and had to radically restructure and redefine their values, compliance practices and social responsibility. The study illustrates how banks can use management controls to tackle the aftermath of a severe crisis but also raises questions regarding the impact of management control design on the ability of managers to behave responsibly given certain economic conditions.

The leadership of the School of Business encourages academic freedom but would nevertheless like to see more research on sustainability, both to benefit society and to support our teaching activities in the field. We therefore aim to increase the focus on this area within the next three to five years, including having a full-time researcher working in this area and competing for external research grants.

Examining equal pay of men and women in the Icelandic labour market

The aim of this study by Katrín Ólafsdottir, assisted by Steinunn Rögnvaldsdóttir, in 2015 was to map if there is equality between men and women in the Icelandic labour market. The report examines how the legal environment and the institutional setup affects gender equality and gender segregation in the Icelandic labour market, different educational choices of men and women, integration of work and family life. It also looks at gender wage differentials as well as gender and power, leaders and stereotypes.

Although laws on equal wages for men and women were passed over fifty years ago, research continues to show significant wage differentials between men and women, even while controlling for the usual variables such as education, work experience and working hours. Research shows that the total wage differential was 12.5% in the period from 2011 to 2013. The unexplained wage differential during that same period was 5.0% and increases with age.

Men are generally considered more qualified than women, even when judged only from CVs and the only difference is the name. Consequently, the man is offered higher wages than an equally qualified woman. Workplace culture can be very gendered and stereotypes are hard to break. It can be hard for a man or a woman to be in a minority in their workplace. Women are however increasingly entering traditional men's fields, for instance engineering. The research shows also that men who are employed in fields that involve caregiving are often faced with prejudices which can be hard to eradicate. The glass ceiling thus shows its existence in many ways. Women are in a minority in executive positions in society and men are in a majority among entrepreneurs. It has been shown that access to finance is harder for women than men and opportunities seem to be different for men and women when it comes to promotions. Introducing the gender quota on the boards of companies in 2013 has increased the share of women on boards, while it is too early to say whether this will have effects on the labour market in general.

The responsibility for achieving equality between men and women rests to a large extent with employers. They should, for example, encourage fathers to take more paternity leave and give both men and women the flexibility that is required to integrate family and work life to reach an acceptable work-life balance.

KEY OBJECTIVES AND GOALS FOR PRINCIPLE 4:

Research for the 2014-2016 reporting period and evaluation of the progress made.

Key objectives and goals	Evaluation	Progress and achievements
To encourage further research in the field of social responsibility	Positive progress	RUSB respects faculty's academic freedom and therefore supports work on topics that are of interest to faculty members. Faculty interests, however, are well aligned with the PRME principle on research as is showcased in, for example, the chapter on gender equality in business.
To actively disseminate research in the field to industry and public	Positive progress	Most of the research done in the field has some component of dissemination to relevant stakeholders.
Keep track of development of publications in the field	Some progress	There have been several publications addressing social responsibility by RUSB academics in the reporting period specifically focusing on corporate governance and socially innovative business models.

PRINCIPLE 5 PARTNERSHIP

We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

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PRINCIPLE 6 DIALOGUE

We will facilitate and support dialogue and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global responsibility and sustainability.

Partnership and dialogue are closely interlinked; therefore we have decided to jointly report on those two aspects. The dialogue in different fields of industry often happens through partnerships, for example, through clusters and with industry associations. Individual academics at the School of Business have also contributed greatly to the national dialogue on issues such as the revelation of the Panama Papers, mistreatment of labour in the growing tourist industry to name just a few and have played an advisory role to government and corporations in policy creation.

Cooperation with industry

- RUSB prides itself on its strong ties to industry -

RUSB has a long tradition of collaborating with Icelandic businesses, both in teaching and research, and the majority of part-time faculty are active members of the business community. RUSB, in collaboration with Festa (Icelandic Centre for Corporate Social Responsibility) and the RU Open University interact with managers on a daily basis, supporting them in their efforts to incorporate a social and ethical vision in their day-to-day activities. This is done through courses, seminars and conferences for industry associations, corporations and organisations and through direct counselling.

Many of the longer programmes at the RU Open University are designed for professional associations such as the fishing and tourism industry, where participants are learning about management for the first time. Teaching different methods and approaches and discussing the advantages of incorporating a multi-stakeholder approach, in contrast to a focus on shareholders only, is our way of teaching responsible management. Having a theoretical discussion about management and management practices is especially valuable for professionals who may not have reflected on their management practices in that way before.

Reykjavik University is an active participant in several clusters in Iceland and in co-operative initiatives intended to strengthen specific industries and provide opportunities to meet common challenges such as future sustainability and responsibilities to the society. For example, RU is active in clusters and industry collaboration focused on renewable energy and fisheries. RU also plays a role in the Iceland Travel Industry Cluster and in the growing tourism sector that places high demands on the nature of the country. The management of these renewable but fragile resources plays a key role in the Icelandic economy.

"The role of Reykjavik University is to educate the people that will carry the responsibility of the well-being of our society for generations to come. We educate leaders to create jobs and work on jobs that still do not exist. This we do, among other things, by putting emphasis on training, strong research and entrepreneurship. It all comes down to what type of society we want to live in and develop. We will do what is in our power to build a good society for the future."

Jóhanna Vigdís Guðmundsdóttir – Executive Director of Relations

RU strategy on ties with industry

Reykjavik University emphasises ties with national and international industry, which is based on integrity and mutual respect for the benefits of the entire society. The University takes active part in the shaping and development of industry and society, and works towards satisfying the needs of society for specialised knowledge. These goals are attained through education, research, innovation, development, and participation in discussions on issues arising in society. Furthermore, the University emphasises good relations to its alumni and to attend to lifelong learning needs of individuals.

- From RU strategy

Collaboration with the fishing industry

RU Open University, in collaboration with the Federation of Fisheries Iceland and Matís (Icelandic Food and Biotech R&D Centre), offers an international programme in fisheries studies under the name of the Iceland School of Fisheries. The programme covers the latest developments in management, operations and sustainability within the fishing industry. The goal is to deepen understanding of fisheries and ocean science, sustainable quota systems and fisheries management, and educate students on the latest developments in technology and innovation to further utilise this important but scarce resource in a sustainable way.

Hnakkaþon 2016

Reykjavik University, in partnership with Fisheries Iceland (an association of companies in the fishing industry in Iceland), organised Hnakkaþon (a play on the words “hackathon” and the name for a popular cut of cod) for the second year in a row. Hnakkaþon is a contest for aspiring professionals in marketing, software development, science, engineering, logistics, and other fields. During this event, the participants get an opportunity to demonstrate their skills in developing and implementing solutions for businesses in the fishing industry.

The challenge in the 2016 Hnakkaþon concerned one of the biggest contemporary issues of this day and age, climate change, following the milestone of the Paris climate change agreement. The project was to find new ways to address environmental issues, and at the same time increase the competitiveness of Thorfish, a real fisheries company. The winning proposal was a plan on how Thorfish could reduce its reliance on oil, and instead utilise electricity to a greater extent, on the company’s longline fishing vessels and freezer trawler, on dock and at sea. On the winning team were Guðjón Smári Guðmundsson, Ingi Svavarsson, Hjálmar Óskarsson, Hrönn Vilhjálmsdóttir and Margrét Lilja Hjaltadóttir, students from the School of Business, the School of Science and Engineering and the School of Law.

"Knowledge in the Icelandic fishing industry is one of the most important tools of the profession. The organisation of the fishing industry has contributed to more efficiency and value creation than among other nations. The industry and the community demand that fish stocks be managed in a responsible way. The fisheries management in Iceland has resulted in predictability and incentive to create more value from each kilo of fish caught; people know how much they are allowed to fish and seek to maximise the value of their catch.

With the joint effort of industry and the academic community, we have attained this great success. In connection with the fishing industry, successful international companies have been developed using technical and engineering knowledge. Of crucial importance in this regard have been an understanding of competitive environments all over the world, the legal environment in Iceland and abroad, and operations and research in the food industry. Furthermore, there are great opportunities for developing and marketing products made from so-called secondary products, which very few nations have managed to utilise. Here in Iceland, in-demand products related to, for example, the pharmaceutical and cosmetics industries are manufactured. Industry and the academic community have thus jointly created a vast knowledge field, which creates numerous exciting jobs. For this reason, it is appropriate to speak of knowledge as a tool that has enabled the Icelandic fishing industry to reach outstanding results."

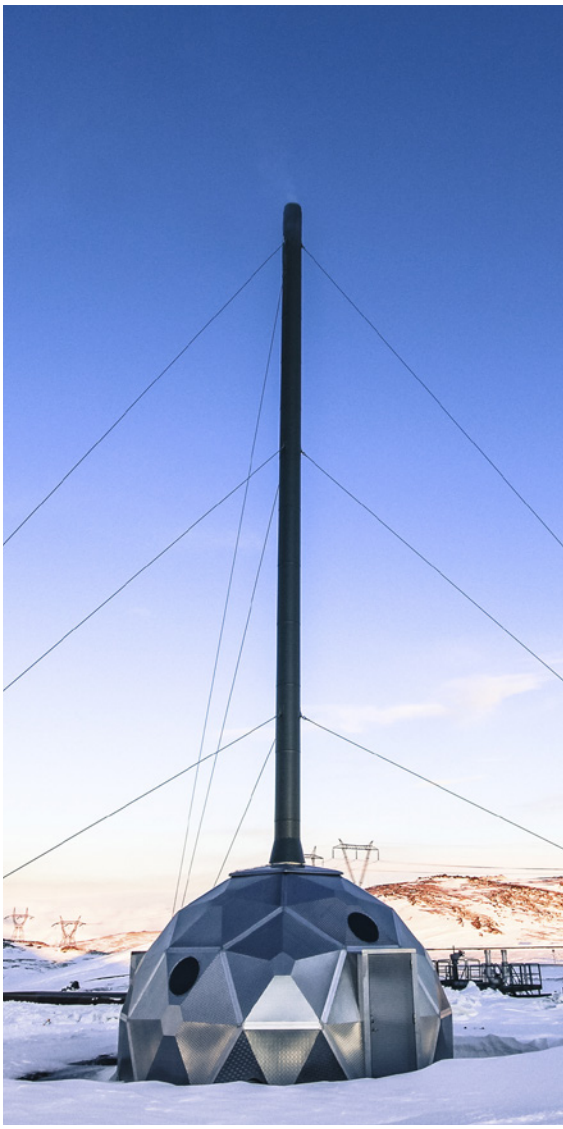
Heiðrún Lind Marteinsdóttir, Director of Fisheries Iceland

Fisheries Iceland

Fisheries Iceland is an association of companies in the fishing industry in Iceland. A major purpose of Fisheries Iceland is to increase the value created from harvesting this renewable, but fragile, resource.

Fisheries Iceland funds a number of research projects at Master's level at Reykjavik University. Some examples include:

- **Fish Consumption and Distribution in Iceland – a B2C study.**
- **Biodiversity Beyond National Jurisdiction – the Icelandic Perspective**
- **Optimisation model for the allocation of catch to fish processing**



Collaboration on renewable energy

RU plays a role in the creation of knowledge related to renewable energy and in the dissemination of this knowledge to students. For that purpose, RU has established the Iceland School of Energy in collaboration with Reykjavik Energy and Iceland GeoSurvey. It is a unique organisation that provides education and research in the field of sustainable energy. In addition to working with its main partners, the Iceland School of Energy collaborates with other leading renewable energy companies in Iceland. In a world that faces increasing energy demands, declining reserves of fossil fuels, and an urgent need to address CO2 emissions, there is a clear case for pursuing far-sighted training and education programmes of this nature. The School offers two Master's programmes in sustainable energy and sustainable energy engineering as well as shorter summer schools and professional development programmes. These include courses on, for example, geothermal exploration, energy economics, energy law and regulation and power engineering.

Training a generation of experts for a sustainable world

RU is a founding member of Iceland Geothermal, a cluster initiative that was established to promote Iceland's unique position as a land of geothermal energy and geothermal energy production. The 43 founding members represent a wide spectrum of NGOs, companies and organisations in the industry. The cluster creates value and new opportunities through cooperation on export and services in the field of geothermal power generation.

"Human capital is the most important resource of the Icelandic people. It is a key requirement for being able to use the natural resources we are entrusted with in a responsible and efficient manner. Landsvirkjun is a knowledge-based company and we have enjoyed a successful and important cooperation with the Icelandic universities, which has been the source of the education and knowledge that is crucial to our operations. Without strong Icelandic universities, Landsvirkjun would not be the company that it is today, and we rely on continued good collaboration with the academic community in order to strengthen our operations."

Hörður Arnarson – CEO of Landsvirkjun, the National Power Company of Iceland

FESTA, ICELANDIC CENTRE FOR CORPORATE SOCIAL RESPONSIBILITY

Reykjavik University has a close partnership with Festa, the Icelandic Centre for Corporate Social Responsibility. RU provides Festa with facilities within the University; Festa helps RU to integrate CSR into its teaching and operations, and to strengthen RU's dialogue on responsibility and sustainability with industry actors. Festa is a membership association that aims to raise awareness of CSR among companies as well as to support companies who want to implement CSR into their business practices.

Festa organises events and uses different media approaches to provide information and knowledge on CSR to companies. It also tries to spark a dialogue on the issue and has built a network for companies to share best practices on CSR. Festa acts as a change agent by initiating activities and ideas on CSR in different sectors of society. Corporations and the public are Festa's key constituents, but other actors on which Festa focuses include the Icelandic authorities, NGOs, the media, trade associations, universities and business consultants.

In late 2015 Festa, together with the City of Reykjavik, invited Icelandic companies to sign a pledge for climate action. In total 104 organisations, including RU, signed the pledge to set measurable climate targets and publish the results on a regular basis. Festa and the City of Reykjavik followed up the project by providing support for the companies to articulate and refine their climate targets.

In late 2016 Festa and the Icelandic Tourism Cluster are planning to invite Icelandic tourism companies to participate in a programme to encourage responsible tourism. Tourism in Iceland has grown annually by 20-30% and has become the country's largest industry. This has brought many challenges when it comes to CSR and sustainability.

FESTA
Samfélagsábyrgð fyrirtækja

Collaborations in the tourism industry

Most of the tourism in Iceland is "nature tourism" that places considerable demands on the natural environment. As welcome as the economic injection from the fast-growing tourism industry has been for the economy, this rapid growth has resulted in an urgent need for sustainable business strategies in order to achieve balance between nature, the economy, and local communities. There is a great need for both responsible and sustainable tourism.

> "Sustainable tourism takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities."
>
> **- The United Nations World Tourism Organization**

Iceland Travel Industry Cluster

RU is part of the Iceland Travel Industry Cluster. The cluster brings together companies and public bodies within the Icelandic travel industry as well as a number of businesses that support or cooperate with the tourism industry. One of the key objectives of the partnership is to increase competitiveness and value creation within Iceland's travel industry by building on the unique knowledge and experience of each of the partners. Partnering in this cluster is a first but important step. Partnering with Festa, the Icelandic Centre for Corporate Social Responsibility, the School of Business aims to be an active partner in the project "Responsible Tourism", encouraging students to study CSR and innovate on new and sustainable business strategies for this booming sector as well as offering courses on tourism and sustainability-related subjects in the future.

SOCIAL DIALOGUE AND CONSULTING

The School of Business as well as other Schools at RU often organise seminars on current social debates, and the faculty of the School of Business are frequently asked to share their opinion and knowledge on important social, political and economic issues in the media. Media coverage includes RUSB faculty members talking about bonus payments in the banking industry, the mistreatment of foreign labour by manufacturing and construction companies, considerations of how the recent presidential election of Trump will affect the global economy, and many other topics.

Why Donald Trump and what is next? Did polls fail? The psychology of Trump's voters? What is Trumponomics?

The School of Business held a seminar after the recent presidential elections in the US on the economic and social causes and consequences of the election of Donald Trump as president. Faculty members discussed why there was such a difference between the outcomes suggested by the polls and the actual vote. They looked into the psychological aspects of understanding Trump voters, why those voters see him as the better choice, and last but not least the economic impact of Trump's promised policies on a variety of social and economic developments.

Faculty members are frequently asked to serve as advisors to the government, and play an important role in the creation of public policy and the well-being of the nation. Two of those – done by Professor Friðrik Már Baldursson, and Assistant Professor Axel Hall – are highlighted below.

Generational wage differences and possible consequences

The report provides a comparison between the economic situations of people of different generations, highlighting the conditions of previous generations when they were in the same age range as millennials are now. The report findings indicate that the disposable income of young people as a percentage of all disposable income has declined in recent years. The development has thus been similar here as in neighbouring countries. The effects of the tax and benefits regimes on the income distribution between generations seems to have been limited, but to the extent that it has, the effect has been to improve the relative economic situation of the younger generations. It is difficult to assume causality but it seems likely that the increased pursuit of higher education among young people, especially women, and other social changes have supported this development.

Report on efficient charges for natural resources and environmental taxation

A working group was formed to report on potential improvements to the Icelandic tax environment, including the possibility of charging for natural resources, pollution and other environmental factors. Axel Hall, an Assistant professor Professor at the School of Business, played a key role in this group of six members.

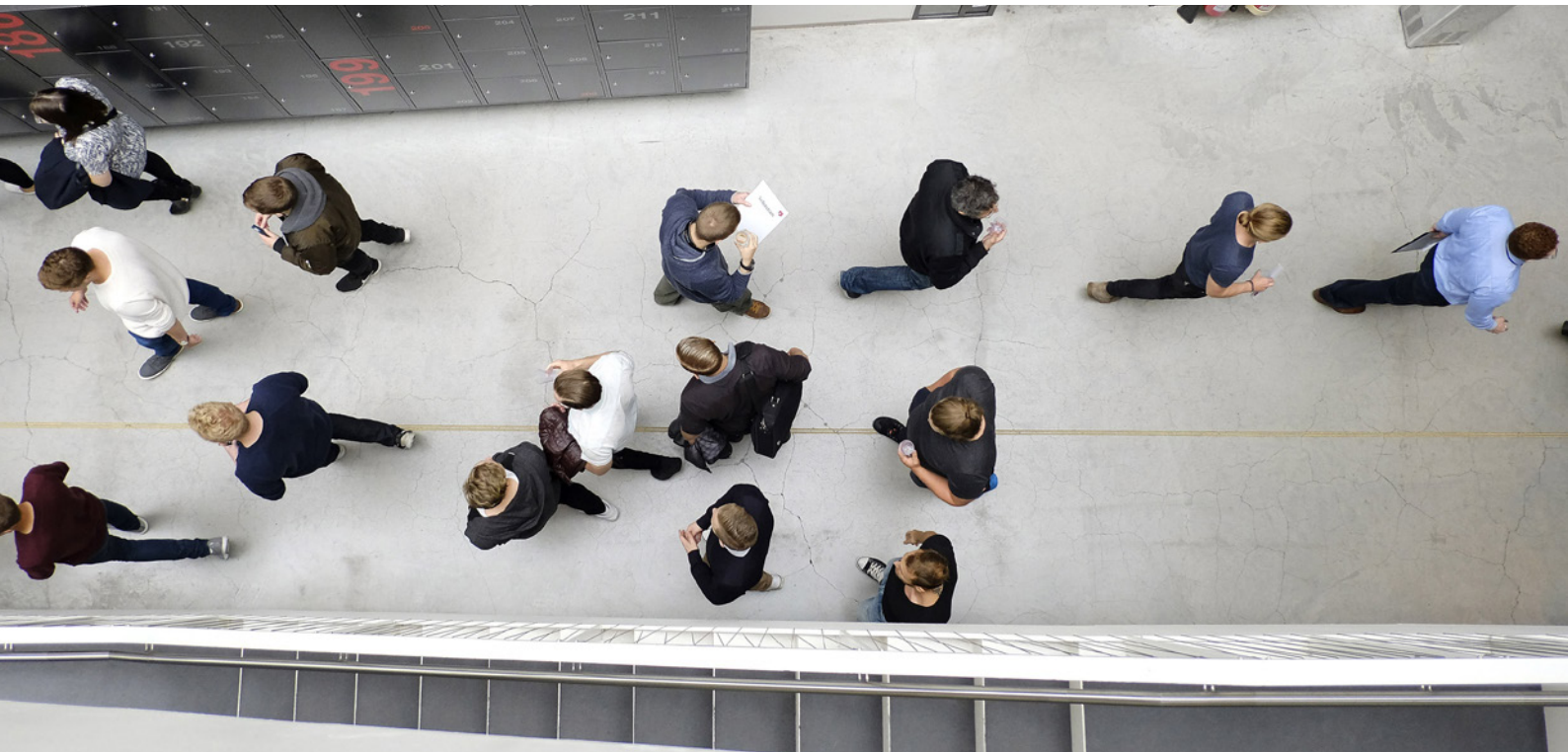
The working group suggested increasing environmental taxation and fees for the utilisation of natural resources, but reduce other taxation to offset it, making the change revenue neutral. The view of the group was that environmental taxation should reflect both the environmental damage from utilising the resources in question, and the benefit of doing so.

Parking fees and an overnight tax on hotel stay were seen as an effective way to charge for natural resources related to tourism. In the fisheries industry, fishing rights should be centered around fully transferable quotas; the assignment would be based on long-term agreements. Annual auction of a certain percentage of these rights should be used as an instrument of taxing the economic rent in fishing. State revenues from energy resources are currently very limited, and the group suggested introducing fees for utilising these resources that reflect the value created.

Last, but not least, the working group suggested that greenhouse gas emissions should be taxed, as it is the most efficient way to fulfill international requirements and commitments relating to climate change.

KEY OBJECTIVES AND GOALS FOR PRINCIPLE 5: PARTNERSHIP AND PRINCIPLE 6: DIALOGUE
for the 2014-2016 reporting period and evaluation of the progress made.

Key objectives and goals	Evaluation	Progress and achievements
Be active in the dialogue and debate about global social responsibility and sustainability	Positive progress	Media discussions on how ethical bonus payments in the banking industry are. Media discussions about trafficking of labour and abuse of rights of foreign labour within the fast-growing tourism industry and construction work. Report on generational wage differences and possible consequences. Report on efficiency and benefits from new or changed charges for the use of Iceland's natural resources and toll on the environment.
Continue to foster the sense of importance of CSR among corporations	Some progress	Festa measures the public view on the importance of CSR of corporations. It is however hard to contribute any changes in this measure to RU or Festa alone.
Increase offering of courses and seminars on CSR and business ethics for industry and organisations	Positive progress	Nearly all of the longer programmes of RU Open University include a section on CSR and business ethics.
Encourage cooperation between students and companies on CSR-related projects	Limited progress	The CSR and Business Ethic course lets students analyse real companies. Little has been done to encourage increased cooperation; we have nevertheless seen an increase in final thesis work on CSR and specific companies or sectors.
Establish a RU and Festa annual event on social responsibility	Limited progress	We continue to collaborate with Festa. The work in the pipelines may be broader in scope than necessarily an annual event.



OBJECTIVES AND MEASURES FOR 2017-2018

	Objectives	Measures	Targets	Initiatives
Teaching	Continue to increase teachers' awareness and knowledge of responsible management education and to foster their willingness and commitment.	Number of teachers that attend faculty RME event. Percentage of teachers contacted individually to follow up on RME focus.	All full-time faculty will attend biannual RME events. Every two years, individual contact with all full-time and part-time teachers to follow up on RME focus.	RME faculty event every 2 years on average. Individual interview and consultation with teachers about how they intend to discuss/ address social responsibility, business ethics or sustainability in their subjects/course.
	Integrate social responsibility, business ethics or sustainability in targeted set of courses (25 courses out of approx. 130) that are the most relevant for topics of RME and sustainability.	Presence of learning outcomes in the targeted courses that include social responsibility, business ethics or sustainability.	All the targeted courses include social responsibility, business ethics or sustainability in their learning outcomes.	Define what courses to target, consult with the teachers of those courses to ensure prevalence of business ethics, social responsibility and sustainability as an integral part of learning outcomes.
	Promote student projects such as internships and Bachelor's/ Master's thesis projects on social responsibility.	Number of student projects every year focusing on social responsibility, business ethics or sustainability.	At least two student projects focusing on social responsibility, business ethics or sustainability every year.	Organise a match-making event for thesis writing students and companies interested in working with students on social responsibility, business ethics or sustainability.
	Ensure that students that graduate from RUSB have knowledge about and competencies in social responsibility, business ethics and sustainability.	Percentage of graduating students agreeing annually that they are prepared to address challenges related to social responsibility, business ethics and sustainability.	At least 85% of surveyed students agree or strongly agree that they are prepared to address challenges related to social responsibility, business ethics and sustainability.	Ensure that the above teaching objectives are fulfilled. Survey graduating students annually.
Research	Encourage research in social responsibility, business ethics or sustainability by RUSB academics.	Number of research projects focusing on social responsibility, business ethics or sustainability per year.	At least one research project focusing on social responsibility, business ethics or sustainability is ongoing every year.	Develop further CSR, business ethics and sustainability research capabilities in RUSB through research collaborations and emphasising such competencies in future employees.
	Apply for competitive grants for research projects focusing on social responsibility, business ethics or sustainability.	Number of grant applications per year focusing on social responsibility, business ethics or sustainability.	At least one successful grant application within the next two years.	Disseminate knowledge about grant opportunities focusing on social responsibility, business ethics or sustainability. Promote grant application support options for such grants.
Relations to industry and society	Be active in the dialogue and debate about global and local social responsibility and sustainability.	Number of events, seminars and media coverage.	At least one event every year open to the public focusing on social responsibility, business ethics or sustainability.	Work with external partners such as Festa in planning and promoting events.
Walking the Talk	Voluntary reporting of non-financial information (including sustainability and social responsibility) in accordance with new Icelandic annual reporting requirements.	Voluntary compliance with the new Icelandic annual reporting requirements from 2017.	Non-financial information including sustainability and social responsibility are included in the annual report for 2017.	PRME coordinator contributes to this reporting process from beginning of 2017.
	Promote social responsibility, business ethics and sustainability as relevant themes across all Schools at RU.	Existence of relevant themes for all Reykjavik University Schools.	School-relevant themes developed by year end 2017.	PRME coordinator supports this process from beginning of 2017.

DECEMBER 2016