Getting more firms to do well by doing good

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Four students who devised an app feature that matches investors and companies more aware of sustainability issues have clinched the second prize in the National University of Singapore (NUS) Business School’s annual Business Idea Challenge.

They say their app, named as a winner in a highly contested event that aimed to raise awareness of the importance of sustainability investing.

Some businesses are already employing sustainability investment strategies, and this trend is set to grow, especially with new regulations in place, experts say.

Sustainability investment, which involves investing in companies that are committed to sustainability practices, is gaining popularity around the world. In Singapore, regulation is catching up, helping companies get on board.

A report last year, in which Prof Loh was the lead author, cited a study which found that out of 503 companies listed on the Singapore Exchange (SGX) mainboard, only 16% were transparent on sustainability.

This is why Prof Loh thinks it is important for students especially to help raise awareness and understanding: “From an educator’s viewpoint, this is one of the key goals of the education for the future.”

Sustainability, which has been a focus driven to the fore over the past year due to the coronavirus pandemic, is something that is non-financial and beyond pure economics.

Sustainability investment, in broad terms, involves investing in such companies and making it easier for the world to embrace it. It can be reflected in such areas as improving the environment or reducing carbon footprint.

Prof Loh said: “For a long time, design, businesses were profit-motivated and were the only thing that had held the line for a billion years. In recent years, sustainability comes about and profit-maximisation must not be the starting point. Businesses that see their achievement as not only profit-making but also sustainability at the same time.”

The competition was organised by the SGX and NUS Business School and held last month.