



ILLUSTRATION: PIXABAY

The enhanced standards suggested in a study by the Centre for Governance and Sustainability of the NUS Business School aim to spur companies to adjust their business operations in a comprehensive manner. Businesses can start with the basics – enhancing their remote working capabilities by providing resources like laptops and digital devices, and relevant training.

Businesses should consider social factors

In a post-pandemic Singapore, businesses hoping to thrive need to strengthen their crisis planning and stakeholder management. **BY LAWRENCE LOH**

THE Covid-19 pandemic has brought about widespread disruption across the world. Indeed, the impacts of the Covid-19 pandemic extend far beyond the financial. The phalanx of public measures that were imposed to curb the spread of the virus, such as safe-distancing, nationwide lockdowns and remote working arrangements, impede traditional business operations.

It is undeniable that it is the social aspect of businesses that face the greatest disruption during these trying times.

As companies attempt to play catch-up with the pathogen, regulators should take heed of limitations present in current reporting standards.

For instance, contemporary interpretations of “occupational health and safety” are largely confined to industrial sites and manual work. As such, one might overlook the risks that need to be considered in the face of an infectious virus.

RECONSIDERING SOCIAL ELEMENTS OF ESG

Regulators need to reconsider the social elements of environmental, social and governance (ESG) sustainability frameworks in a post-pandemic Singapore. An enhanced framework that factors in prevailing social risks would better serve businesses hoping to thrive in this new normal.

A recent study by the Centre for Governance and Sustainability (CGS) of the National University of Singapore Business School sought to kick-start this process. This study is accessible at: tinyurl.com/esg-social

As part of our research, we sought to review current ESG frameworks, taking special attention to identify any deficiencies they may have in relation to the pandemic. We also relied on news sources to gauge relevant topics and actions that a company can adopt to be effective in a pandemic world. From there, enhancements were proposed.

Through this process, we devised 15 enhanced standards which cut across four key areas:

(1) Remote working management (2 enhanced standards)

- B01 – Remote working access;
- B02 – Enhancing remote work management skills.

The enhanced standards aim to spur companies to adjust their business operations in a comprehensive manner. Businesses can start with the basics – enhancing their remote working capabilities by providing both resources

such as laptops and digital devices, and relevant training.

- (2) *Crisis management (3 enhanced standards)*
- B03 – Business continuity plans/Crisis management committee;
- B04 – Clarity of internal communications during a crisis;
- B05 – Clarity of external communications during a crisis.

Businesses can then set their sights on bolstering their crisis management capabilities. Aside from preparing business continuity plans, they should strive for transparency by communicating these plans to their stakeholders.

(3) Stakeholder management (5 enhanced standards)

- B06 – Split team arrangements;
- B07 – Contributions to the local community during a crisis;
- B08 – Understanding and compliance with local health authorities;
- B09 – Assurance of customers’ health and safety during/post pandemic;
- B10 – Supporting customers’ needs during a crisis.

Ultimately, these enhanced standards seek to place metrics such as stakeholder and employee management at the centre of a company’s priorities. Essentially, companies need to secure stakeholder welfare. This can range from providing safe working conditions, ensuring customer welfare, complying with government regulations and addressing wider community needs.

(4) Employee management (5 proposed standards)

- B11 – Promote training and upskilling during a crisis;
- B12 – Assurance of employees’ health and safety during/post pandemic;
- B13 – Engaging in fair hiring practices during a crisis;
- B14 – Maintaining employee headcounts during a crisis;
- B15 – Hiring graduates/non-graduates in a crisis.

More importantly, companies should not be so encumbered by the crises of the day that they fail to plan for the future. The enhanced standards encourage companies to focus on their employees’ long-term interests. For example, companies can take advantage of the lull period due to depressed sales to ramp up their skills training and talent development policies. In addition, companies should pay attention to their staff’s physical and mental well-being.

We applied the enhanced standards against a sample of 101 SGX listed companies. This would allow us to determine the level of readiness demonstrated by companies in the face of Covid-19.

HOW HAVE SINGAPORE COMPANIES FARED?

Through this study, we discovered that the real estate, communication services and consumer staples firms led in terms of reporting quality. Our study noted that businesses within these sectors were active in engaging with internal and external stakeholders, and demonstrated robust social sustainability practices.

Across various key industries, our enhanced standards captured lapses and areas of improvement within current practices. For example, within the consumer staples sector, less than half of the sampled companies disclosed that they had business continuity plans in place. The absence of such plans could potentially jeopardise their business-as-usual operations and threaten the supply chain of key consumables which saw episodes of panic buying last year.

Nonetheless, it was encouraging to see that the adoption of social practices was largely driven by company proactiveness. Contrary to popular belief, most of the social practices that were implemented were not required by law.

TURNING ADVERSITY INTO OPPORTUNITY

At its core, sustainability reporting should not be seen as a regulatory hoop that companies are forced to jump through. The proposed standards thus serve to spur and guide companies to adjust their business operations in a comprehensive and targeted manner.

The adage that one should never let a crisis go to waste continues to ring true. While SGX has demonstrated steadfastness in mandating sustainability reporting, the pandemic has acted as a catalyst for its finetuning and development. Indeed, it is an opportune time that both regulators and businesses reconsider the “social” elements of ESG sustainability frameworks in a post-pandemic Singapore.

■ The writer is director of Centre for Governance and Sustainability and associate professor of strategy and policy at NUS Business School. Cui Tingwei, Marvin Chang Guang Wei, Sim Jia Yuan and Tan Kwan Wei Kevin, who are undergraduates of the School, contributed to the piece as co-writers.

The study is based on a field service project by the writers in the School’s BBA Programme.