

Singapore elites must tackle sustainability

By Alwyn Lim and Kenneth Goh

CAN Singapore's elites give back to society by taking the lead on sustainability? For the third year running, Singapore has topped the Elite Quality Index (EQx), an annual ranking of 151 countries on how well political and economic elites create value for society. According to EQx 2022, Singapore's elites have created business models with excellent value creation for society. As Singapore emerges from the Covid-19 pandemic and reconnects with the world, can its elites leverage their value creation models to create greater social and environmental sustainability?

Sustainability and the role of elites

The Elite Quality Index (EQx), administered by the Foundation for Value Creation jointly with the University of St Gallen, defines elites as "coordinated groups" with business models that successfully accumulate wealth. Present in every society, they often work in groups (such as a corporation or an industry). Essentially they are individuals who have strong control over society's key resources; examples include high-tech entrepreneurs, bankers, oil cartels, as well as decision makers in the political arena.

The question is - to what extent elites extract value, or whether they actually create value for society. EQx compiles various

cross-national indicators to determine how much value a society's elites create in relation to how much influence they have.

Singapore's elites rank relatively high in terms of political power (rank #20) and economic power (rank #9), suggesting the potential for value extraction - and it turns out that their business models create exceptional political value (rank #1) and economic value (rank #1). Hence Singapore's elite influence is high in terms of control of corruption, government responsiveness to change, venture capital finance, and creative destruction, suggesting a very high degree of control and coordination of wealth accumulation. Nevertheless, elite power has also translated into value creation, seen in excellent performance in low Covid fatalities, food security, low homicide rate, health efficiency, trade freedom, and low inflation.

One emerging area that defines elite value creation lies not only in creating economic wealth but also in contributing to sustainability. Academics and practitioners differ in how to define sustainability, but the consensus zeroes in on whether business models of wealth creation can persist without negative impact on the environment or social relations, two of the more prominent arenas of sustainability. For example, business models can explicitly incorporate environmental, social, and governance (ESG) concerns by focusing on

an equal weightage of social, environmental, and financial performance (triple bottom line) factors.

International rankings such as EQx 2022 often capture large-scale processes and may not be able to identify more local factors, such as what specific social relations can lead to more sustainable outcomes. Can Singapore's elites, whose contributions to wealth creation and value creation for society already top the world, take the lead on sustainability? Some local examples on environmental and social sustainability may be instructive.

Family-owned Agropcorp is extending its original business as a grain trader to launch a sustainably sourced plant-based food brand HerbYvore. John Cheng, a third-generation family member of sugar manufacturer Cheng Yew Heng Candy Factory, has also taken the lead on sustainability by establishing an agri-food tech accelerator that invests in startups developing new technologies for sustainable food production to alleviate food insecurity.

Even those in pollutive industries see it as their responsibility to improve industry best practices in sustainability not just to manage public relations but to actively engage partners and customers to adopt more sustainable solutions. For example, chemical dye company Matex International has spent more than three decades working with its partners to develop a tex-

tile dyeing process that would be less pollutive and uses less energy. This desire to reduce the environmental impact of chemical dyeing motivated Alex Tan's founding of the company in 1989, and is now championed by his son Dro Tan, who is currently Matex's executive director.

Beyond environmental sustainability, many elites are also involved in supporting social sustainability through the preservation of cultural heritage. For example, the family of real estate developer Daniel Teo is known for its patronage of the visual and performing arts. Family business owners also champion social sustainability through their role as employers. While corporations may retrench older staff in favour of younger, more productive workers, many family-owned firms have been known to provide loyal employees with a safety net in their old age through retraining or by carving out roles within the company that will still allow them to contribute to the business. Such practices are not legally mandated but stem from the familial bonds between the family-owners and employees that have been cultivated over the years.

The way forward for sustainability

Clearly, there is much room for improvement in how Singapore elites can contribute to value creation by specifically tackling the issue of sustainability. In this, Sin-

gapore's state capitalist model, where the government coordinates and guides business activity, can play a central role. For instance, the government has excelled in building a favourable environment for free enterprise and is supportive of economic globalisation and immigration. Singapore's sovereign wealth funds have channelled profits from investments into social and communitarian projects. The mediating role of the Singapore government is also seen in its management of its public housing system, in inclusive economic policies like the Progressive Wage Model, and generous tax incentives for charitable donations.

Still, Singapore's elites have the opportunity - and obligation - to lead the way on sustainability. The pandemic has revealed how vulnerable even successful business models can be in a globally integrated world. Going forward, sustainability will remain a top concern in discussions of future value creation. Singapore elites, with their world-performing business models, should lead the way in this arena.

The writers are from Singapore Management University (SMU). Alwyn Lim is associate professor of sociology, and Kenneth Goh, assistant professor of strategic management (education) and academic director, Business Families Institute.

LETTER TO THE EDITOR

Regulators, stockbrokers and customers all must play their part to maintain market integrity

I REFER to your editorial "Broking firms should play a bigger role in preserving market integrity" (BT, May 24, 2022).

The roles of stock brokerages have evolved over the years: From dealers and trading representatives (TRs) simply executing trades on clients' behalf to now giving clients the autonomy and flexibility to execute trades on their own.

Since the Blumont, Asiasons and LionGold (BAL) crash that happened almost a decade ago, the capital market services landscape has changed significantly. There are tighter controls, stronger risk culture and early detection measures practised by brokers.

To prevent any BAL recurrence, regulators and stockbroking firms are now guiding investors to be educated and assessed on knowledge of the investment products before they trade. Even when clients trade online, the brokers here provide dealers and remisiers' contacts for clients to reach out to if they have queries or doubts, or need expert advice.

E-learning portals on listed and unlisted financial products have sprouted even before the BAL debacle. SGX, the Association of Banks in Singapore, and the Securities Association of Singapore have developed such portals to enable more investors to learn the various financial product features and risks.

Stock brokerages on their part provide training webinars for customers to improve their investment skills and product awareness.

SGX RegCo worked closely with stockbrokers to continuously improve market surveillance. It has provided surveillance tools and periodic surveillance reports to brokers and trained scores of stockbroking staff.

Complementing the surveillance tools and reports, stockbrokers conduct regular reviews to minimise market risk of misconduct. Dealers and TRs are trained to spot and detect any potential market misconduct deeds.

SGX has recently developed an ESG metrics and data portal specifically for research analysts to analyse the current reporting landscape.

Research analysts will be trained on how to use this portal by using key ESG indicators as guidance on listed companies in Singapore for their reports. This is in addition to the Centre for Governance and Sustainability's Governance and Transparency Index (GTI) scores and the SIAS Corporate Governance SCGA Scorecard framework.

While the SGX and stockbrokers may invest in the most sophisticated systems and tools and set up rules to preserve market integrity, any would-be perpetrators with an aim to game the system could resort to all means and methods to circumvent them.

Regulators, stockbrokers and customers all have a part to play to maintain market integrity. It will be a never-ending challenge as one must stay three steps ahead to pre-empt these bad hats.

Luke Lim
Chairman, Securities Association of Singapore

The scam of authenticity

Consumers, voters and employees all want "something real". But what does that mean — and is it even desirable?

BY ADRIAN WOOLDRIDGE

AUTHENTICITY has become a must-have quality in the business world, up there with diversity and sustainability. Advertisers feature "real people" rather than models. Gourmands forsake Taco Bell for taco trucks. Ambitious corporate types attend courses on how to be an authentic leader. As for us worker bees, we are constantly being urged to bring our authentic selves to work, as if work is a primal-scream therapy session rather than an exchange of cash for labour.

In her thought-provoking and beautifully written new book *Authenticity: Reclaiming Reality in a Counterfeit Culture*, Alice Sherwood, a senior visiting fellow at the Policy Institute at King's College London, argues that authenticity is so fashionable precisely because its opposite, inauthenticity, is so ubiquitous. We live in a world of fakes and frauds, knock-offs and con tricks. About 10 per cent of us have handled counterfeit goods — there are more counterfeits on the market than the genuine article — and about the same proportion of us fall victim to a fraud, scam or con every year.

The problem with authenticity starts with the word's multiple meanings. The most obvious meaning of "authentic" is "genuine": An authentic Michelangelo is one that was painted by the master rather than a forger or even a pupil. A second meaning is "natural": An authentic fruit juice is made with the juice of fruits rather than sugar and water. "Genuine" and "natural" also feed into something fuzziest: Discerning holidaymakers want to experience the authentic Mexico rather than the one that is packaged for the mass tourist market. Here authentic can mean anything from hidden to old and unspoiled.

The word has a whole new set of meanings when it is applied to people. Authentic is commonly used to distinguish between true leaders and artificial ones. Thus in the race for the Republican presidential nomination in 2000, John McCain marketed himself as an authentic leader — the free-wheeling pilot of the Straight Talk Express — as a contrast to dynastic politician George W Bush.

Today the word is acquiring a new meaning: marching to the tune of your own inner drum rather than adopting a made-to-please public persona. This idea has its intellectual origins in the Romantic idea that society acts a constraint on the heroic individual and the post-structuralist theory that biological and other realities are socially constructed. But by some weird alchemy it has become all-pervasive in HR departments.

You can just about argue that "authentic" products and "authentic" leadership have something in common. In today's intangible economy, companies are increasingly selling brands rather than commodities — that is, bundles of emotions rather than solutions to practical problems. The most successful brands try to bond with the consumer's hidden self: Buy me and you will become the real you. So it makes sense to apply the same logic to the employment contract: Work for us and we will help you to be all that you want to be. Still, we are a long way from the idea that "authentic" means a genuine Michelangelo rather than a forgery.

The word becomes even more slippery when you try to apply it to the real world of business. Let's start with products and experiences since they are the simplest. On the face of it, the case for authenticity is simple: People are willing to pay a premium for authentic goods or services because they think that they are superior. People buy real Gucci bags rather than fake ones because the real Gucci bags will last whereas the fake ones will fall apart. They visit the "real" Mexico rather than tourist haunts because they know that there is more to Mexican culture than cheap beer and nice beaches.

Yet aren't brands in themselves a lie — or at least a fantasy? Brand managers spend heavily to convince



The word "authenticity" has a whole new set of meanings when it is applied to people, and becomes even more slippery when you try to apply it to the real world of business. PHOTO: PIXABAY

us that if we wear their clothes or sport their bags we will live a more exciting and fulfilling life.

And aren't the boundaries "authentic" and "inauthentic" changeable? Holidaymakers have to venture ever further into the back-and-beyond of Mexico in order to escape from other tourists who are also seeking the authentic Mexico.

Sherwood has a lot of fun with Andy Warhol. Warhol spent his career mocking the notion of authenticity that lies at the heart of the art market. He happily confessed that his assistant, Gerard Malanga, "did a lot of my paintings" and routinely ran off lots of copies of "his" pictures on the grounds that "repetition is reputation". He didn't even bother to sign the works that he didn't produce, getting a rubber stamp made of his signature so that flunkies could sign them for him. At one point, he took out an advertisement offering to sign anything, including food, whips and money — for a fee. But now that Warhol has become the very thing that he mocked — a major artist whose paintings are worth millions — his scepticism is coming back to bite him, or at least his legatees. In 1995, the Andy Warhol Foundation established an Authentication Board to call out any fakes.

Sherwood introduces us to the phenomenon of "authenticity decay" to go along with "truth decay", the blurring of the line between fact and opinion that characterises so much political discourse. Snapple broke into the over-crowded drinks market because it used natural ingredients — the juice of real fruits — rather than sweetener and bubbles. But it was eventually bought by a giant beverage company, Keurig Dr Pepper, which set about fitting it into its corporate culture: By 2011, Snapple Apple, which has the phrase "all natural Snapple" on the bottle, contained no apple whatsoever.

In TV and film, the JRR Tolkien characters that stalk Middle Earth have become ever-more divorced from the world created by the reclusive scholar, degenerating, at their worst, into action-movie clichés. My younger daughter, a lover of the Harry Potter books and films, refuses to watch "Fantastic Beasts", the latest series in the Potterverse, on the grounds that it "isn't real". Authors can only go so far on the road from creator to brand endorser before they lose their audience.

The concept of authenticity is even more slippery when it comes to people rather than products and

services. Are authentic politicians really authentic? Or are they just trying on different masks from their colleagues? The John McCain of the 2008 campaign was a different man from the McCain of 2000. And is authenticity really a desirable quality? Many British voters warmed to Boris Johnson because they treated his cavalier habits, from lying habitually to betraying his wives, as proof that he was the opposite of a conventional blow-dried politician. They are now treating the very same habits as proof that he is a cad, albeit an authentic cad.

The concept is at its slipperiest when it comes to the ubiquitous idea that we should bring our authentic selves to work. Does anyone really have one single authentic self? Most people have lots of different selves, depending on what we are doing; some even hope to evolve as they gain experience. And is it really wise to expose our inner selves in the workplace? Herminia Ibarra, of London Business School, points out that leaders can lose credibility if they expose too much of what they think and feel, particularly if they are untried.

The bring-yourself-to-work movement rests on a misunderstanding of the nature of work. Work is a structured activity, replete with hierarchies and conventions, in which we adopt professional roles in order to achieve collective ends. It also rests on a failure to appreciate the desirability of drawing a line between public and private, particularly in a world in which the public realm is so polarised. Do we really want gun-rights advocates littering their workspaces with pictures of semi-automatic guns because their inner hunter urges them to do so?

The ultimate paradox about authenticity is that the more we crave it, the more we are likely to be deceived: Authentic leaders turn out to be bounders and authentic experiences turn out to be mirages. There is no doubt that we all need to reclaim reality from a counterfeit culture, as Sherwood puts it in her subtitle; but, alas, thanks to the assiduous work of marketers, management gurus and other jargon-mongers, authenticity is now just another counterfeit idea in a world overflowing with them. BLOOMBERG

The writer is the global business columnist for Bloomberg Opinion. A former writer at the Economist, he is author, most recently, of "The Aristocracy of Talent: How Meritocracy Made the Modern World".