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Doing good is good business. Here's how to convince Singapore companies

Social sustainability is often neglected or poorly incentivised. It's time to fix that imbalance with support and real rewards.

Students of Grace Orchard School being briefed by DBS volunteers in 2024 as part of a financial literacy programme.
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When Ikea launched its ThisAbles programme – an initiative offering free, 3D-printable add-ons to make its furniture more accessible for people with disabilities – it saw its revenue for products compatible with these add-ons jump by a third within a year. Purpose, it turns out, is good for business.

DBS Bank's flagship People of Purpose movement mobilises employees to volunteer their skills and time for community causes. In an internal survey, 96 per cent of DBS employees said the bank's purpose-driven mission resonates with them – a connection that has helped drive stronger engagement and contributed to a 91 per cent staff satisfaction score in 2024 – well above industry benchmarks. Purpose doesn't just drive impact, it helps companies engage and retain talent.

At its core, social sustainability means managing a company's impact on people – employees, customers, and communities – through fair, inclusive and ethical practices, from employee well-being and workplace safety to fair labour standards and community support.

Globally, the "S" in ESG (Environment, Social and Governance) is gaining traction. In S-RM's 2024 ESG Report, which surveyed 550 corporates and 200 investors across Europe and the US, two-thirds of respondents expected ESG budgets to rise.

Notably, investment in social issues is increasing – even as environment spending dips – driven by new legislation, stakeholder demands and growing public expectations. In fact, Europe's corporate sustainability reporting rules are now pushing firms to report on issues like human rights, labour standards, consumer impact and community relations, with the same rigour as carbon emissions.

Despite this global momentum, Singapore's corporate adoption of social sustainability remains limited.

The Singapore Business Federation or SBF's 2023 National Business Survey found that fewer than half of companies actively contribute to communities. Just 22 per cent plan to implement the social dimension of ESG within the next year, while only 32 per cent have taken steps.

Corporate giving is also falling. The National Volunteer and Philanthropy Centre's Corporate Giving Study 2021 showed that median donation dropped from $3,000 in 2017 to $1,000 in 2021. Corporate social contributions are also disproportionately driven by larger companies, while small and medium-sized enterprises (SMEs) lag behind due to resource and capability constraints.

To change this, businesses must get better at integrating the "S" in ESG. It's not only the right thing to do – but it's also a smart strategy. Social impact creates tangible value for companies, communities and the broader economy. But without quick returns, easy metrics, or simple solutions, many firms hesitate.

To shift the calculus on social sustainability, Singapore needs a sharper mix of incentives, guidance and regulation.

Social impact points

A promising tool in this mix is the concept of social credits – a mechanism designed to make social impact measurable and rewarding.

While not as established or standardised as carbon credits, social credits – or similar mechanisms – are emerging in several forms around the world – for instance, the EU Social Taxonomy or UK Social Value Model. These aim to quantify, incentivise or reward positive social impact by businesses.

Just as carbon credits reward environmental efforts, a Social Impact Points System (SIPS) could be introduced to incentivise SMEs and corporates to advance social sustainability goals – through initiatives such as flexible work arrangements, inclusive hiring, and participation in community projects like corporate volunteering.

A few incentives already available in Singapore lay the groundwork. For example, the Inland Revenue Authority of Singapore's (Iras) Corporate Volunteer Scheme offers a 250 per cent tax deduction when employees volunteer with charities.

Similarly, some financial institutions offer sustainability-linked loans that support both green and social initiatives. One such social loan is the OCBC Women Entrepreneurs Programme, which promotes the socio-economic advancement of women while fostering gender diversity and inclusivity in business and the workplace. Additionally, SG Enable's Enabling Employment Credit supports companies that hire persons with disabilities, helping to offset costs and encourage inclusive employment practices.

Building on these efforts, we could develop a comprehensive, outcomes-based SIPS. Companies could earn points through verified activities across key social sustainability categories. For instance, one social impact point (SIP) per hour of corporate volunteering, 50 SIPs per inclusive hire, and so forth. Doing good becomes measurable.

We must also work to develop more incentives to reward the adoption of social sustainability metrics. SIPs can then be converted into tangible business benefits, such as better terms for bank loans, preferential consideration in government contracts, tax reliefs, or foreign worker concessions. By linking social sustainability to business gains, we turn a "nice to have" into a strategic priority.

But incentives alone won't get us there. Businesses – especially SMEs – need practical support to turn intention into action.

Advisory services

Many SMEs lack the tools or know-how to implement social sustainability programmes. That's where structured capability-building comes in, via training, tool kits, and most critically, tailored advisory services.

These services could be delivered by social sustainability advisers appointed by the Singapore Business Federation (SBF). Such advisers would be experienced professionals with backgrounds in corporate responsibility, human resources, inclusive hiring, or community engagement.

They would work directly with companies to identify relevant social impact opportunities, develop customised strategies like inclusive hiring or wellness policies, support outcome measurement for ESG reporting, and connect companies to resources, partners, and government schemes.

The SBF Foundation's EmployWell programme, for instance, helps businesses re-integrate vulnerable job seekers – persons recovering from mental health conditions, homeless individuals, and women in distress – into the workforce.

SBFF-funded advisers provided tailored job coaching and workshops to equip beneficiaries with the skills and support needed to secure employment, while working with employers to foster inclusive hiring practices and address workplace barriers.

Such an advisory model could help businesses navigate the "S" in ESG, from strategy to execution and impact measurement.

A unified framework

While incentives and support are important, to embed social sustainability nationwide, we need a common framework that aligns business practices with national goals.

Currently, Singapore has a variety of standalone measures that encourage responsible corporate behaviour. While these efforts form a strong baseline, they often sit in silos across different agencies, creating a fragmented landscape that can be confusing and resource-intensive, especially for SMEs trying to navigate or comply.

A unified framework would consolidate existing guidelines from different agencies into a single reference point, making it easier for businesses to track and report social impact.

Consider a mid-sized retail company looking to improve its social sustainability performance to meet procurement criteria from a major client or qualify for a government grant. Without a standardised set of metrics, it is unclear which actions – such as ethical sourcing, adopting inclusive hiring, or community programmes – carry more weight or how they should be measured and reported.

Standardised metrics and a common scoring system would reduce ambiguity, and promote fairer competition. Businesses could also benchmark their social sustainability efforts against industry peers, identifying best practices, strengths and areas for growth. The score could be used for ESG disclosures, tax breaks, or to unlock incentive schemes.

As we have done for climate action, we must now do so for social impact – ensuring businesses know what good looks like and how to get there.

A collective shift

Singapore has made significant strides in environmental action and economic growth, but corporate social sustainability often remains an afterthought. This is a missed opportunity, not just for society but also for businesses.

Companies that embed social sustainability into their strategy stand to gain in multiple ways: stronger stakeholder trust, greater talent attraction, improved profitability, and enhanced resilience. But this requires a mindset shift – from viewing social responsibility as a cost, to recognising it as a strategic investment in driving business revenue, retention and reputation.

A unified national framework can offer the clarity, consistency, and incentives needed to drive action.

The time to act is now. When profit and purpose align, we don't just build future-ready businesses, we build a more inclusive and resilient Singapore.

- Jean Tan is CEO of SBF Foundation and chief social sustainability officer at the Singapore Business Federation.

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