

Hållbara investeringar



Green bonds effective tool against climate change

» GREEN BONDS ARE becoming increasingly popular in corporate finance practice but very little is known about their effectiveness when it comes to issuers' environmental engagement. So researchers investigated whether green bond issues are associated with a reduction in total and direct emissions of companies.

Results of the study suggest that compared to traditional bond issuers with similar financial attributes and environmental ratings, green bond issuers borrowing in the green segment show a decrease in the carbon intensity of their assets for up to two years after bond issuance. The study supports the view

that green bond issues signal a credible and reliable commitment towards climate-friendly behaviour.

Researchers also found a larger reduction in emissions in case of green bonds that have external review as well as those issued after the Paris Climate Agreement. This indicates that the Paris Agreement is already driving and greening firms' economic and financial policies, the authors conclude. ■

SOURCE: Business Strategy and the Environment
<https://onlinelibrary.wiley.com/doi/10.1111/bsr.12171>

CSR

Higher ESG transparency brings lower interest rates for companies

» FIRMS WITH HIGHER level of transparency in the disclosure of ESG information benefit from lower costs of debt financing. They can borrow money at lower interest rates. A recent study analysed the effect of ESG disclosures on the cost of debt based on panel data from 919 international firms at S&P 1200 Global Index over a one-year period. Results of the study indicate a negative effect of ESG disclosures on the cost of debt financing. Researchers posit that managers should collect information on critical issues related to emissions, energy, human rights and political involvement and make these disclosures easily accessible to lenders.

Additionally, the cost of debt was found to be negatively related to the firm's size, meaning larger firms benefit from a lower cost of debt financing due to having easier access to external financing. The study also confirmed a negative association between firm profitability and the cost of debt, indicating that profitable firms are considered less risky. ■

SOURCE: Corporate Social Responsibility and Environmental Management
<https://onlinelibrary.wiley.com/doi/10.1111/csr.12346>

Correlation between Corporate Social Responsibility and Stock Performance

» RESEARCHERS INVESTIGATED the relationship between corporate social performance and financial performance by comparing the portfolio returns of firms with recent changes in corporate social responsibility. Their study found that corporate social performance is positively related to financial performance, but this relationship was found to vary with non-crisis and crisis periods. Value enhancement of good employee relations was stronger during the non-crisis period, but improvement in environmental and human rights characteristics was better rewarded during crisis periods.

Additionally, during periods of crisis, when societal trust may be

low, companies with more reliable products may be perceived as more trustworthy. These firms' products therefore may be in greater demand during the crisis period, therefore leading to better financial performance. The authors conclude that CSR activities offer an insurance-like protection for companies, and so if firms engage in more CSR activities, they receive less negative judgment from shareholders. ■

SOURCE: Journal of Business Ethics
<https://link.springer.com/article/10.1007/s10551-021-04772-w>



Nudges in SRI: The Power of the Default Option

» A RECENT STUDY explored the role of "nudges" in socially responsible investing (SRI). Researchers found that making SRI the default investment decision increases the money allocated to SRI. It does so in two ways: first, around half of investors do not opt out of the default allocation, and second even those who opt out invest more in SRI compared to investors not receiving the "default" nudge. Surprisingly, the study also found that investors who were nudged to consider ethics through shocking images were no more likely to increase the money they allocate to SRI compared to investors receiving

no nudge. The default option seemed to work better. Coined by an economist, "nudges" refer to a method of influencing human behaviour, without relying on prohibitions or changing economic incentives. Researchers predict that some people who invest in conventional funds do so mostly by default and would consider themselves better off with investments in SRI that match their personal values. ■

SOURCE: Journal of Business Ethics
<https://link.springer.com/article/10.1007/s10551-020-04731-x>

Subjective Sustainability ratings

» DESPITE THE GENERALLY rational appearance of sustainability ratings practices, ratings methods are relatively flexible and adaptable to regional differences and institutional changes. Sustainability ratings appear to depend largely on the personal judgement of analysts rather than a standardised and objective method. This is the result of a study based on 36 interviews

with sustainability ratings practitioners. The study explored the practices, challenges and ethical considerations underlying corporate sustainability ratings.

The study also found that rating agencies often would engage in impression management, providing an appearance of order and measurability to the rather fuzzy and multifaceted nature of sustainability performance. Sus-

tainability Rating Agencies were also found to play an important role in institutionalising sustainable development standards and practices. ■

SOURCE: Accounting, Auditing & Accountability Journal
<https://www.emerald.com/insight/content/doi/10.1108/AAAJ-12-2019-4356/full/html>

Non-Governmental Organisation (NGO) Tweets: Do Shareholders Care?

» NGO TWEETS ABOUT your company is important. They significantly affect a company's stock performance, with shareholders generally reacting positively to positive tweets and negatively to negative tweets. These are findings based on an analysis of 1,611 tweets from 18 large non-governmental organisations (NGOs) over the course of eight years on how these messages affect a company's stock prices.

Overall, the study demonstrated that tweets by well-known NGOs,

irrespective of their tone, have a significant impact on the financial performance of targeted companies. The authors caution that companies should be more proactive in monitoring social media posts from influential NGOs to address concerns, engage in discussions, and stay ahead of potential controversies. ■

SOURCE: Business & Society
<https://journals.sagepub.com/doi/full/10.1177/0007650320985204>



Exclusion by Norway's "Oil-fund" destroy target companies' value

» NEGATIVE SCREENING by the Government Pension Fund Global of Norway causes a significant decrease in excluded firms' stock prices, a new study shows. Researchers found that exclusions caused a strong price drop in targeted companies in the very short term and that this effect remains also in the medium term, although somewhat weaker. Especially, climate change-related exclusions were found to result in a decrease in stock values for firms in question,

indicating that market participants are sensitive to climate issues and penalise firms engaging in climate damage. Government Pension Fund Global of Norway was earlier named the Petroleum Fund of Norway and is a fund where profits from the Norwegian petroleum industry is deposited, making it into one of the most influential sovereign wealth funds. Negative screening is one of the several methods through which responsible sovereign wealth funds

implement socially responsible investments. It is an exclusionary strategy that includes disinvestments in specific stocks of companies that violate predetermined criteria related to ESG issues. ■

SOURCE: Business Ethics
<https://onlinelibrary.wiley.com/doi/abs/10.1111/beer.12314>

Kommentarer:

Är debatten om hållbarhet som finansiellt värdeskapande över?

Finns det fortfarande motstånd kvar bland chefer?

Mångfald och inkludering



Female entrepreneurs crucial for Sustainability Start-ups

»» BOSTON IS THE LEADING sustainability start up cluster and a high share of female entrepreneurs is driving the formation of entrepreneurial ecosystems focusing on sustainability. This was concluded in a recent study that explored the ways in which levels of sustainability entrepreneurship differ between regions and sought to identify factors that foster the development of sustainability entrepreneurial ecosystems.

Based on data from websites of 19,997 start-ups from 28 of the largest entrepreneurial ecosystems (EEs), the authors found that the highest proportion of sustainability start-ups was found in Boston, followed by Houston, Seattle and Lagos. Stockholm was on the list, but on last place of 28 ecosystems that were studied.

Data also suggests that high GDP, in combination with high percentage of female founders

of start-ups, encourages EEs with large numbers of sustainability endeavours. The authors encourage policy-makers to support female entrepreneurs, particularly those involved in sustainability start-ups, by setting up start-up incubators and accelerators to help them launch their businesses. ■

SOURCE: Journal of Cleaner Production <https://www.sciencedirect.com/science/article/pii/S0959652621012727>



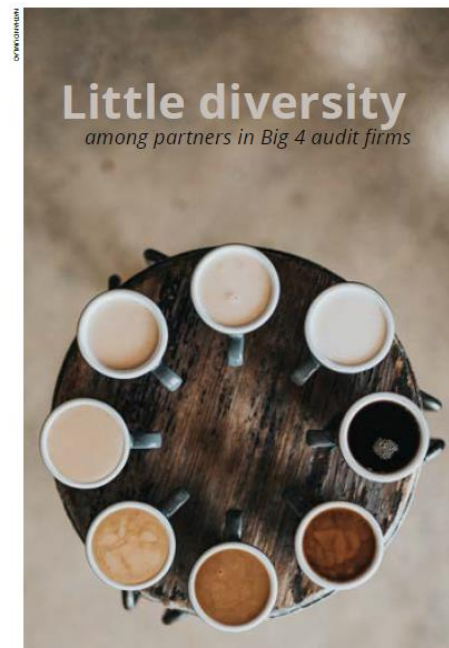
"Fempower-washing": Is "Femvertising" the New Greenwashing?

»» COMPANIES ARE BEING increasingly recognised for advertisements promoting gender equality, referred to as "femvertising." But do companies that win these femvertising awards actually support women? Are they actually working towards gender equality? Based on a study of 61 American companies (31 award winners and 30 non-winners), researchers sought to investigate this.

Results show that among companies of similar size and annual revenue, the ones that won "femvertising" awards were indeed doing more internally to support women in meaningful ways. However, these companies were no more likely than non-award winners to have greater female representation in leadership positions or on their boards. The authors caution that companies may be engaging in "fempower-washing" – displaying

some selected women in leadership positions to seem like a diverse company but lacking a genuine commitment to gender-equality. ■

SOURCE: Journal of Business Ethics <https://link.springer.com/article/10.1007/s10551-021-04755-x>



Little diversity among partners in Big 4 audit firms

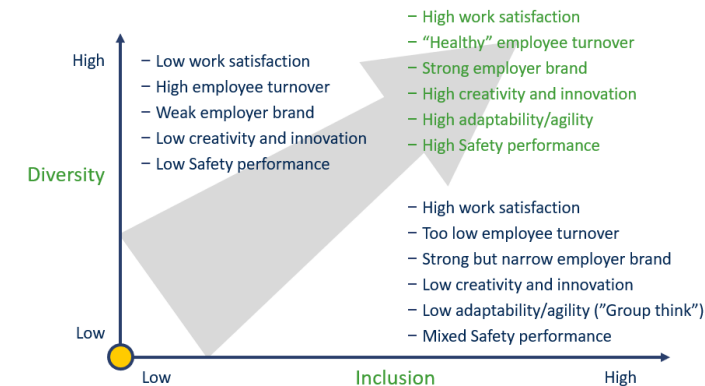
»» RESEARCHERS IN GERMANY conducted a large-scale, longitudinal study to analyse who makes partner in Big 4 audit firms. They analysed a set of Big 4 senior managers and directors to identify determinants of making partner, as well as distinct auditor characteristics for career success within Big 4 audit firms.

Findings of the study indicate that auditors from foreign backgrounds and female auditors have a lower likelihood of making partner. No evidence was found to suggest that providing high audit quality affects the likelihood of a promotion.

Results also showed that economic, social, institutionalised and cultural capital as well as demographics matter for making partner in Big 4 audit firms. Specifically, winning new public clients, engaging in formal and informal networking opportunities, showing loyalty to the company, holding credentials, and demonstrating ambition were found to have an impact on the likelihood of making partner. ■

SOURCE: Accounting, Organizations and Society <https://www.sciencedirect.com/science/article/pii/S0361368219000714>

The importance of having both D and I



Source: The Guide to Inclusive Leaders (Nancy Curl and Joerg Schmitz)

Kommentarer:

Är näringslivet jämställt nu?

Hur arbetar ni med inkludering av nya med annan bakgrund?

Styrning & Ledning

CSR

The value of having NGO Directors on Boards in companies

»» A RESEARCH PAPER investigated what types of companies are more likely to have NGO directors on their boards, as well as the effects these directors may have on the company's strategic outcomes, within a CSR context. Based on an analysis of all firms included in the S&P 500 from 2010-2016, the authors found the following results:

- The number of NGO directors serving on a company's board in a given year is positively related to the extent to which the company displays poor CSR performance in the prior year.
- NGO directors on boards aren't associated with immediate improvements in CSR performance. In fact, their positive influence on CSR performance tends to take hold in the long run, after about three years.
- A decrease in the number of NGO directors on the board is associated with a decrease in CSR performance in the following year. ■

SOURCE: Journal of Business Ethics
<https://link.springer.com/article/10.1007/s10551-020-04649-4>



Explaining workers' resistance against their own health and safety programmes

»» RESEARCHERS FROM Sweden investigated why a health and safety programme, promoted by the local trade union was resisted by workers within an organisation. Findings are based on a case study of a Swedish paper mill. Workers perceive the pros and cons of the programme in relation to how they think their work should

be performed, not how management or the trade union thought it should be performed. Workers resisted the programme because it failed to address blue-collar workers' understanding of who they want to be, how work should be performed, and the extent to which safety issues are visualised to others. The authors concludes

that it's important to contextualise control measures taken by managers within the frames of reference that blue-collar workers collectively share. ■

SOURCE: Safety Science
<https://www.sciencedirect.com/journal/safety-science>
 20192-7535-2020-00282

Philanthropic Grants enables Scaling in Social Entrepreneurship

»» A RECENT RESEARCH study looked into the role that philanthropic grant funding plays in the financial and organisational development of social ventures. Based on a panel data set of 3,401 of newly formed social ventures, the study found that:

- Social ventures that receive a grant will have more employees in the following year, compared with ventures that didn't receive any grant funding.
- Social ventures that receive a grant will be more successful in raising debt finance in the following year, compared with those that didn't receive any grant funding.

• Receiving a philanthropic grant provides a signal that is interpreted differently by debt and equity financiers. Receiving grant funding was found to act as a positive signal of credibility to potential debt financiers. In contrast, equity financiers were more likely to view grant financing as a signal of dependency, and therefore less deserving of equity investment. ■



SOURCE: Business & Society
<https://journals.sagepub.com/doi/full/10.1177/00076503209791404>

The Greta effect measured



»» GRETA THUNBERG motivates others to become climate activists themselves. This is proven and measured in a new research paper. In a study of about 1300 adults in the US, it was shown that those who are more familiar with Greta Thunberg have higher intentions of taking collective actions to reduce global warming. This is the case even after adjusting for the respondent's earlier support for climate activism. The paper concludes that the "Greta Thunberg effect" motivate collective action across over the U.S. public, not only among the young but for all ages. But the effect may be even stronger among those with a shared political ideology. ■

How to best build a purpose driven company

»» MANY COMPANIES WANT sustainability to influence the over-all purpose of the company. Framing your company's purpose should be rational and systemic but also emotional. It should resonate with your employees and play a role into their everyday decision-making. McKinsey experts developed a framework to do just that, calling it the 5Ps, that should inform how a company frames its purpose:

- **Portfolio strategy and products:** Redefine your product portfolio – launch new products and discontinue some old ones. Revise your pricing strategy and test the purposefulness of individual assets.
- **People and culture:** Align recruiting, people development and career planning to activate purpose. Embed purpose into KPIs and offer

employees incentives for meeting targets.

- **Processes and systems:** Ensure that supplier conduct is in line with your stated purpose, and adapt operational practices to attain purpose-based goals.
- **Performance metrics:** Set performance targets and metrics in line with your company's purpose.
- **Positions and engagements:** Align corporate affiliations with purpose, and adapt external communications and engagements with purpose. ■



SOURCE: McKinsey
<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/more-than-a-mission-statement-how-the-5ps-embed-purpose-to-deliver-value>

FOREVER
 SUSTAINABLE BUSINESS

Kommentarer:

Har ni ett högre syfte med ert företag där ni jobbar?

Hur skapar ni engagemang hos de anställda kring detta?

Gruppdiskussioner

Finans

Är debatten om hållbarhet som finansiellt värdeskapande över?

Finns det fortfarande motstånd kvar bland chefer?

Mångfald

Är näringslivet jämställt nu?

Hur arbetar ni med inkludering av nya med annan bakgrund?

Ledarskap

Har ni ett högre syfte med ert företag där ni jobbar?

Hur skapar ni engagemang hos de anställda kring detta?