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Businesses find intangible assets as key to sustainable entity

The practice of sustainability should be embedded throughout a company in a strategic manner

by DASHVEENJIT KAUR

BUSINESSES are now becoming more aware of the benefits of “intangible assets” for the sustainability of their organisations in the long term.

PwC Consulting Services (M) Sdn Bhd associate director Natasha Yap told *The Malaysian Reserve* that organisations have begun taking responsibility for the way their operations impact societies and the natural environment, which allows them to develop or enhance their current sustainability initiatives to be aligned with their corporate objectives.

Key intangible assets include human capital, employee engagement, brand capital, environmental performances and other non-physical assets that could enhance business value.

The recent Sustainability Reporting Guide (SRG) issued by Bursa Malaysia defined sustainability as doing business in a responsible manner, taking into account the impact on the economy, environment and social context, while at the same time ensuring long-term existence.

The practice of sustainability should be embedded throughout the organisation in a strategic manner, which includes greater inter-team communication and collaboration. In itself, this will require strong commitment and leadership from the top.

According to PwC’s 19th Annual Global CEO Survey, 86% of CEOs say they are changing how they measure success and what they hold themselves accountable for, and 76% of CEOs say business success is about more than just financial (physical) profit.

This new perspective has driven

new business behaviours. While tangible assets include financial or physical resources, intangible assets are more distinctive to companies. Hence, intangible assets are barely imitable by competitors, thus having the potential to become the source of differential, long-lasting performance for firms, Yap said.

“The sustainability agenda has gained traction within corporate Malaysia, especially since the update of the SRG by Bursa Malaysia as part of the listing requirements. Public-listed companies are required to look at sustainability strategically as opposed to emphasising on philanthropic activities.

“They are asked to identify, disclose, measure and manage sustainability issues which impact not only their business but also their stakeholders,” said Yap.

The recent FTSE4Good Asean 5 Index has identified a number of Malaysian companies with recognised corporate responsibility practices such as Public Bank Bhd, Tenaga Nasional Bhd, Malayan Banking Bhd, Axiata Group Bhd and Sime Darby Bhd.

Based on PwC’s sustainable development goals (SDGs) engagement survey that involved respondents from South-East Asia, of which 50% are Malaysians, 80% of South-East Asian members of the public are more likely to use an organisation’s goods and services if it signs up with the SDGs.

This suggests that citizens are becoming increasingly aware of the importance of balancing business profit with environmental impact and

fair social contribution.

When asked how interested Malaysian companies are to the SDGs, Yap said: “The awareness of the SDGs is present among Malaysian companies as we see a number of them pledging compliance and adherence to the SDGs.”

“We have been having discussions with our clients around our PwC SDG diagnostic tool to help them, for example, in identifying the goals which resonate most with their country and industry of operation, and assist them in evaluating which goal they can best contribute to,” Yap added.

Source: PwC’s 19th Annual Global CEO Survey



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CEOs see differences between what their organisations do today and what will characterise the most successful companies in five years' time

